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## Strength in Numbers: The Impact of Trade Union Mergers on Trade Union Power

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**Strength in Numbers**

**The Impact of Trade  
Union Mergers on  
Trade Union Power**

**By**

**Richard John Gartside  
BSc Econ. MSc Ind Rels.**

**Doctorate of Philosophy - July 1999**

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**STRENGTH IN NUMBERS - THE IMPACT OF TRADE UNION MERGERS  
ON TRADE UNION POWER - Richard John Gartside, Doctorate of Philosophy, July  
1999**

Hitherto much of the academic research on trade union mergers has concentrated on an explanation of the growth of mergers or the link between merger activity and the business cycle. In this study an attempt is made to explain the effects of union mergers, in particular on trade union power. In so doing, the consequences of mergers in relation to organisation post-merger, change management, collective bargaining agenda and outcomes and membership services are all investigated.

Three distinct methods of research have been applied in the study. An extensive questionnaire survey has been conducted and evidence collected from practitioners in employee relations from both public and private sectors, employers and the unions. The findings were supplemented with follow-up interviews in which key respondents were questioned in depth on their experiences of merger. The evidence was collated in conjunction with two independent case studies, involving different economic sectors and types of merger, where the mechanisms under which the merger was organised and the outcomes of the merger were examined in more detail.

The evidence was assessed in relation to the relevant academic literature on mergers and power and a model for union power which attempted to isolate the effects of mergers on power. An unintended outcome of the research was that an investigation of the link between merger activity and the concepts of strength in numbers and economies of scale was conducted alongside an examination of the degree to which involvement in merger activity legitimised a review of organisational efficiency with the union.



**Strength in Numbers - The impact of trade union mergers on  
Trade Union Power by Richard Gartside**

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## **1. STRUCTURE OF THE THESIS**

This study investigates the consequences of the growth in mergers amongst trade unions. It is conventional wisdom that unions which engage in mergers, pooling their resources and releasing economies of scale, become more powerful and serve their members' more efficiently. The notion that unions truly achieve a *strength in numbers*, through pursuing a strategy for growth based around mergers and amalgamations, will be examined in relation to union structure and collective bargaining with a view to determining the impact of mergers on trade union power.

Given that the merger activity of trade unions has not been neglected by academics, particularly during the 1980s, it is perhaps surprising that, hitherto, studies have preferred to investigate the reasons for mergers rather than the consequences. It is to be hoped therefore that this study can add something new to the studies of union merger and reinvigorate the debate. The interest in, and prevalence of, merger activity amongst trade unions has shown no sign of abating during the 1990s.

The research conducted for this study involved three distinct methods. An extensive survey of practitioners in employee relations from employers and trade unions in the public and private sector was conducted, in conjunction with follow-up interviews in which respondents were asked to elaborate on (and to justify) their responses. The research was supplemented by two case studies involving different mergers in different sectors which aimed to control for any subjectivity residing in the findings of the initial research by

allowing for the views of an independent observer to be taken into account. Moreover, case studies allowed the dynamics of the merger process to be taken into account by delivering a mechanism by which the development of the merger over time could be studied in a way that a static survey response could not.

The study concluded that on a number of counts the growth in mergers had had some impact on trade union power, both in relation to bargaining and organisation. It also concluded that the consequences of the merger stemmed from two distinct facets of the merger. There is a direct impact through the growth or stability of union members or resources and a secondary impact, whereby the merger unfroze the union's reluctance to rationalise through an organisational and structural review. In generating a focus for organisational change within the union, there was some evidence that the merger acted as a catalyst for an efficiency reviews which stemmed beyond the immediate and direct confines of the merger.

Not unsurprisingly, the study indicated that an accurate assessment of union power and power relations is very difficult. Given the number of potential determinants of union power, it is extremely difficult to isolate the effects of a single determinant. More work needs to be conducted in generating a workable model for union power that, whilst allowing for a range of interrelated determinants, can be applied in practice. It is to be hoped that in some way this study, in addition to refocusing the debate on union mergers per se, can also contribute to an investigation of the determinants of union power and how they can be measured.

The thesis is set out in five parts beginning with the academic literature relating to the study. Given that the investigation is primarily a study of trade union mergers the literature relating to merger theory is outlined. Where there are conclusions that have an impact on the thesis, particularly for example in the classification of mergers, this is reviewed in some detail. The notion of power is important in the study and consideration of the literature relating to power theory forms the next section of the thesis. Where authors have directed their studies towards a robust definition of the concept of power this is discussed in relation to trade unions and the bargaining environment. Where research on collective bargaining has been conducted to identify the major components and determinants of union power these are examined and applied. In both cases, literature going back to the 1960s from both the UK and abroad, has been included.

A brief overview of trade union mergers during the period covered by the study is included in the next section. This will describe the mergers which occurred in the late 1980s to the mid-1990s, as well as placing them in the economic and political environment of the period, indicating where necessary, developments which had a notable impact on merger activity. In the next section, The results of the research are necessarily covered in some detail in the third section and they are preceded with a brief summary. The range of issues under examination and the variety of different sectors and organisations which submitted information demanded that adequate space was allocated to investigating the different responses from within and between unions and employers operating in different sectors and industries. Lastly, in the final section of the thesis, the findings of the research are collated and evaluated. The degree to which trade union power has been affected by mergers, either

directly or through legitimising a review programme, are considered in relation to a range of mergers and different industries. The question of whether the dramatic increase in trade a range of mergers over the last decade or so has benefited union members, either in terms of the services they enjoy or through the enhanced performance of their unions in collective bargaining, is considered.

## **GLOSSARY**

ACAS	Advisory, Conciliation and Arbitration Service
AEEU	Associated Electrical and Engineering Union
AEU	Associated Engineering Union
ASPO	Association of Senior Probation Officers
Bae	British Aerospace
BIFU	Banking, Insurance and Finance Union
BECTU	Broadcasting, Electrical, Communications Technicians' Union
CBI	Confederation of British Industry
CMA	Communication Managers' Union
CPSA	Civil and Public Services Association
CWU	Communication Workers' Union
DE	Department of Employment
EEF	Engineering Employers' Federation
EEPTU	Engineering, Electrical, Plumbing Trades Union
GMB/ Apex	General, Municipal and Boilerworkers' Union (now GMB)
GPMU	Graphics, Printing and Media Union
HVA	Health Visitors' Association
IPD	Institute of Personnel and Development
IPMS	Institute of Professional, Managers and Specialists

IRSF	Inland Revenue Staff Federation
LREA	London Regional Education Authority
MSF	Manufacturing, Science and Finance
NATFHE	National Assn of Teachers in Further & Higher Education
NCU	National Communications Union
NGA	National Graphical Association
NORSA	Northern Rock Staff Association
NUCPS	National Union of Civil and Public Servants
NUFLAT	National Union of Footwear, Leather and Apparel Trades
NUJ	National Union of Journalists
NUR	National Union of Railwaymen
NUS	National Union of Seamen
NUT	National Union of Teachers
PMB	Potato Marketing Board
PSU	Prison Service Union
PTC	Public Service, Taxation and Commerce Union
RMT	Rail, Maritime and Transport Union
STE	Society of Telecom Executives
TGWU	Transport and General Workers' Union
TUC	Trades Union Congress
UCW	Union of Communication Workers
UNISON	Public sector trade union (formerly NALGO)



## 2. A MERGER INVESTIGATION... - INTRODUCTION

One of the most dramatic changes in trade union organisation in the last twenty years has come through the quickening pace of mergers and affiliations. In 1978 there were one hundred and twelve trade unions affiliated to the TUC and by 1994 the total was down to just sixty nine. Since then, mergers have continued to have a substantial impact upon trade unions, the way in which they are structured and the basis on which they represent their members. Manual employees in the postal and telecommunications industries are now represented by a single organisation as are middle management and staff throughout the civil service. Seamen and railway staff are in the same organisation and so are electricians and engineers. There is speculation that by the end of the year a single organisation will represent staff in all the major clearing banks. The idea that the labour movement may be moving towards an organisation based on so-called "super-unions", each representing a range of occupations and grades of employee, has gained some credence. The days of a wide variety of different unions representing members in different trades and occupations separately have long gone. Robert Taylor (1993) has noted that in 1993 just five of the unions affiliated to the TUC accounted for sixty two per cent of its membership.

The conventional wisdom is that as unions have increased their size through mergers they have similarly increased their power and efficiency. The notion that union mergers have delivered *strength in numbers* is an attractive one given that unions have pursued the merger strategy in a proactive and calculated way in recent years. Although there are fewer unions

as a result of mergers, it is argued that those that remain have more members across a wider number of economic sectors. It is easy to be persuaded that more members (and access to even more members) has delivered an increase in union power concentrated amongst fewer organisations. Yet how true is this? Have mergers led to an increase in union power? Is it in fact the case that in securing a larger membership base unions have realised a *strength in numbers*?

Despite the growth in mergers and amalgamations within the labour movement, and although academics and commentators have investigated the phenomenon and sought to explain its causes, the consequences of the growth in merger activity has been neglected. Where research has been conducted it has concentrated on studying mergers within their historical economic context and on investigating the factors which influence the propensity of unions to merge or affiliate. In analysing periods of intense merger activity, commentators such as Waddington (1995), Undy et al (1981) and Buchanan (1981), have all sought to isolate the key determinants of trade union mergers with a view to explaining the economic climate in which mergers flourish. Academics have argued about the degree to which mergers are the result of an expansionist policy adopted by some key unions seeking to widen their influence and break into new areas of representation when their competitor unions are faced with declining levels of membership. Alternatively, mergers have been explained as the rational process by which unions respond to hostile economic and/or political environments, behaving like employers in seeking to weather a storm by pooling resources and exploiting economies of scale.

This study contributes to the academic research and debate surrounding trade union mergers by examining the impact of mergers on trade union power. In short, to concentrate upon the degree to which trade unions have become more powerful and extended their influence as a result of engaging in merger activity. The study examines the impact of a merger on power through direct organisational factors such as realisation of economies of scale post-merger, increasing the membership and resources within a single organisation, as well as those arising indirectly from the extent to which the merger facilitates an efficiency review across new organisation. In effect the merger may be a *Trojan Horse* for conducting an efficiency review in organisations that have traditionally been opposed to notions of organisational review and structural efficiency unlike their business counterparts.

So whilst hitherto, studies of union mergers have sought to isolate and measure the relative merits of internal and external factors on union mergers, this study has sought to measure the external consequences of a merger and examine their contribution to union power. Although the study highlights some of the internal consequences of involvement in a merger these have largely been downplayed during the study. There are two reasons for this: Firstly, internal factors are relatively unimportant influences on the economy and bargaining agenda compared with external factors. Secondly, a focus on internal factors may even contribute to a misleading picture. For example the position of an individual union official may appear more powerful with wider post merger responsibility but this may, in effect, mask the fact that the wider responsibility means less contact with activists and a growth in workload which will lead to a net reduction in power and influence.

The question of the degree to which merger activity impacts externally on union power seems important for three primary reasons. Firstly, an investigation of mergers and union power will assist in describing the economic and political consequences of union merger activity and its effects on the relative standing and influence of social partners. Of course merger activity may be only one of several interrelated factors that may have an impact in this area but, nevertheless, one which has remained relatively neglected in academic research.

Secondly, a study of this nature will be able to describe some of the mechanisms and stages by which a merger occurs and the impact this can have on the outcome of the merger. Finally, a study of the consequences of union merger can contribute to a debate on whether or not individual union members benefit from the involvement of their union in a merger. The degree to which individual union members, those who have voted for mergers on the understanding that it will benefit them in some concrete way, have actually improved their position as a result of the merger, is an interesting question (particularly given that generally, merger initiatives seem to be ratified by substantial majorities in participating unions). In investigating the consequences of mergers, it is hoped that the study will make a significant contribution to the debate on union mergers and fill a significant gap in the research.

Union mergers are difficult to investigate which is perhaps why studies of mergers, particularly the consequences of mergers, have been neglected. There are several key problems with a project of this sort both in terms of the conceptual framework of the study

and the measurement of factors within it. The conceptual framework of the study relies on a workable definition of power and a method of measuring trade union power and changes in trade union power. There has been a significant debate surrounding the definition of power and the framework within which it operates. This debate is summarised later in this study and it is clear that there is no general agreement on how power should be defined and hence no consensus on how it should be measured. This problem is amplified in relation to studies of trade union power, in particular, which demonstrate that again a workable definition of the concept is difficult but also that the range of potential determinants of power make accurate measurement extremely difficult.

There are a number of potential factors that may have an impact on trade union power and these, combined with the ways in which they are measured, means that any model of power is unlikely to embrace all the potential determinants. As a result researchers have been obliged either to concentrate on isolating and controlling for several key primary determinants or to focus on specific case studies in which generic observations about the nature and determinants of power can be made. Studies of power can be also be deemed subjective given the reliance on the opinions of respondents for an assessment of power relations. Given that individuals actively involved in employee relations power are unlikely (or unable) to provide a balanced and unpartisan assessment of power relations, steps must be taken to ensure that any bias is subject to controls within the study. In this study, an attempt has been made to combine two methods of studying power and changes in power relations. One is a model for assessing union power which controls for a range of important factors outside a merger which may affect power. The other is a case study approach which

facilitates my own first-hand observations of power relations in two different organisations.. This combination of investigative techniques is designed to extend the research and findings of this study beyond some of the criticisms traditionally directed at studies attempting to measure changes in power relations.

Despite the inherent difficulties it is valid, nevertheless, to investigate power relations and changes in them by collecting the views of the employee relations practitioners involved. This study has been able to combine these investigations with those conducted independently and outside the bargaining framework. Thus the study can combine the views of those involved first hand in collective bargaining, both before and after the merger and on both sides of industry, with those of a less subjective viewpoint. Whilst the study is still reliant on the views of protagonists involved in collective bargaining, it attempts to recognise (and counter balance) the limits of this approach. It is also fair to say that the views of individuals directly involved in the areas under investigation can contribute to the investigation in a unique way providing the views are properly defined and taken in context. Individuals operating directly in the organisations, with first hand knowledge of organisational culture, the history of collective bargaining and the personalities involved, offer the researcher a wealth of information in areas that other methods of investigation would find difficult to isolate. Some attempt to limit the scope for subjectivity in this study has been made by conducting follow-up interviews with key respondents.

Given the sheer range of economic and political pressures combined with the variety of aspirations amongst members, activists, and even employers, it seems unlikely that there is

one single determinant of merger activity. Unions are more likely to be developing policies related to their organisational goals whilst at the same time having to respond to a range of changing external pressures. In evidence to the Employment Committee inquiry into "The Future of Trade Unions," (1994), the TUC identified four factors that it claimed were a major influence on encouraging unions into merger activity. These were: securing the trade union's financial base; enhancing the range of services that trade unions provide for their members; enabling the newly merged union to extend its influence (particularly into new areas of membership growth); and improving the competence of union organisation. In other words, a degree of post merger rationalisation. The TUC stressed to the inquiry the financial benefits to unions of pooling personnel and capital resources, and assets. The resources saved through merging and becoming more efficient could be directed to areas with a greater direct interface with members (for example, education, research or employing experts in areas such as health and safety or employment law). A union may be attracted to a merger by the opportunity to approach new areas of potential membership growth and to become a more efficient organisation. Alternatively, the union may be attracted to a merger by the opportunity of a one-off increase in members during a period in which membership generally is declining.

Whether the merger has delivered a more efficient organisation and a greater range of services for members, or simply compounded inefficiency and a poor level of interaction with members, may not be easy to identify. In seeking to investigate the impact of a union merger, the motives underpinning the decision to merge are only one element in assessing whether or not the merger has achieved its objectives. The degree to which economies of

scale were realised and exploited is another and the effects of the merger on the range and quality of member services, another. Whether unions that have engaged in mergers have been able to break into new areas of membership, stabilise a membership decline or rationalise their organisation are all important indicators of the degree to which the merger has produced tangible gains for members and organisation.

Yet an efficient organisation and a wide range of specialised and affordable membership services are only two indicators of the degree to which the merger can be said to have delivered benefits for the members. Trade unions are above all collective organisations. They are based on the principle that individuals engaged in selling their labour in the marketplace can only be properly protected and fairly rewarded by acting together with their colleagues. Therefore, it is not enough to investigate the impact of a merger on union organisation and services, the impact on union's collective activity is central to the investigation. The collective dimension of a union's work is particularly important given the importance which members attach to the subjects of collective negotiation. There is evidence that improvement in the level of wages, health and safety, job security and access to training and development at work are rated as the union's most important functions. For example, both training and development issues (GMB, 1994) and health and safety (Mori, 1994) were highlighted as important by the ordinary union member.



## **The Research**

As has been stated, this study attempts to add something new to the debate on union mergers. It goes beyond an investigation of mergers in a historic context or a case study of individual mergers in order to identify the factors influencing the decision to merge. Whilst the importance of the reasons underpinning a union's decision to merge are recognised, this study focuses on the impact of mergers on trade union organisation and power. To this end, the effect of mergers on the range of union activity is considered together with the effects on trade union services, collective bargaining and on the ability of the union to organise itself efficiently and secure its future growth in a changing economy and labour market. Collectively, these factors provide some useful indicators of trade union power. The way in which, hitherto, studies of union mergers have concentrated attention on the causes of union mergers does create its own difficulties, since it means that the majority of this study is in itself pioneering and, as such, an enormous challenge.

The areas and arenas in which trade union power is examined are predominantly economic and some may argue that the political dimension in which unions operate is unduly neglected. However, unions in the UK are essentially economic organisations and where unions engage in political activity, in the Labour Party for example, it is primarily in order to facilitate the attainment of economic objectives. Political expenditure and activity is a resource to secure favourable conditions in the economic environment as opposed to a

formal attempt to secure influence for political ends. The question of trade union political influence does, however, indicate a potential difficulty in measuring the degree to which union power is affected by merger activity. In seeking to secure influence across a wide range of arenas simultaneously, and seeking to improve the conditions of union members in a wide range of different companies or sectors, trade unions are constantly adapting to, or influencing, a variety of changing and interrelated factors. In seeking to isolate and measure the impact of one factor, merger activity, on trade union power it is necessary to identify and then control for other factors which might have an impact, positive or negative, on the success of unions in attaining their goals.

Because of the difficulties in accounting for the effects of a range of related influences on trade union activity, this study concentrates on evaluating survey responses from union members and employers. An alternative to this approach might have been to define union power and the key influences upon it statistically by examining the outcome of key decisions and measuring the influence that the union was able to exert in different circumstances. Such an analysis, dependent primarily on statistical data and analysis, was unlikely to be able to reflect adequately the full range of ways in which influence may be exerted or the subtlety with which power may be exercised. For example, power may be exerted without any outcome being apparent if one party has an interest in delaying or preventing a decision. Simply keeping a discussion off the agenda may, in itself, be a demonstration of power.

In the light of this , a statistical approach was rejected in favour of an approach in which a variety of evidence on trade union power was collected, based, as we have seen, on detailed responses to key questions obtained from a wide range of industrial relations practitioners on both sides of industry. In studying the responses, the effects of the merger may be assessed in isolation from a range of other influences. Although it can never be possible to control for the full range of potential influences on union power, the approach does at least afford a degree of flexibility to study separate mergers and to isolate the factors which impact on them. This information specifically would not be available in a more general statistical analysis.

As my study indicates, a considerable amount of research has been conducted into trade union merger activity. This concentrates primarily on the influences on the decision to merge at the point of the merger. Many commentators on mergers take as their starting point the time at which the merger is formally, legally sanctioned. Yet, in some key ways, this framework for their research misses a key point. In reality a merger does not occur at a specific time. There is an identifiable process prior to the merger (when merger partners court each other and negotiate the terms of their integration) and afterwards (when the new, merged organisation is realised). To examine a merger at a single point in time therefore has the capacity to exclude important areas for research (the negotiation around the merger, for instance) and miss important evidence (the relative influence on the merger of the parties which may during the negotiations, for example). For these reasons the merger as a process starting with the general discussions on merger and encompassing the organisational outcome of the merger have been used as the starting point in this research. It is one

important reason for the decision to supplement our survey findings with a dual case study in which the ongoing affects of a merger can be studied. One consequence of this, as we shall see, is that the investigation extends beyond formal union mergers to include other types of joint organisation such as amalgamation and federation. This is justified on the basis that the processes by which such arrangements are established and the organisation of the parties after the amalgamation are very similar to those arising from a formal merger. This is an issue to which we shall return later

The process by which unions merge, the ways in which the integration of two separate organisations is achieved and the consequences of the merger, have largely been ignored in other studies. The research on mergers tend to have stopped with the signature on the merger agreement between the two parties. This study attempts to examine the wider consequences of merger activity and to go beyond the causes. It attempts to rectify the balance in the research which has seen the questions relating to how unions merge and what happens when they do, neglected in favour of an investigation of the determinants of a merger.

This study employs a combination of questionnaire survey and follow-up interviews combined with a detailed case study approach. The combination of techniques designed to restrict the impact of the limitations inherent in each approach. The questionnaire was aimed at both trade unions and employer respondents in order to highlight any discrepancies in the responses identified by the respondents. The responses could then be measured against data from several external sources which would act as a control for the other

economic, political and organisational factors which might have an impact on trade union bargaining power. At the same time, the constraints inherent in a study based entirely on the responses to questionnaires were recognised. In order to control for bias and subjectivity amongst the respondents who were directly involved in collective bargaining, it was decided to supplement this approach with detailed interviews with key respondents and in-depth case studies in two different sectors. It was felt that respondents may be partisan given the nature of their roles and that interviews may act as some control on this. Whilst the questionnaires and subsequent interviews may reflect a degree of subjectivity, it was felt that this might be justifiable given that the study was constrained by having to approach protagonists in the absence of a more reliable source of data. In the light of both this and the many different potential determinants of trade union power in addition to union mergers, the study also includes case studies. These investigations, conducted in different sectors were designed to allow a more widely rounded view of trade union power, to be investigated from an independent viewpoint. As we have discussed, the case studies also allowed the merger process, including negotiations and outcomes, to be investigated overtime. A rolling camera as opposed to a snapshot.

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That is not to say of course that the case study approach is in itself free from criticism. The validity of generalising from the results of one or two individual case studies has been questioned by academics such as Cole (1976). However, the fact that the studies in this case are designed to compliment other methods of investigation was felt to justify the approach. In addition, a large number of case studies have been based on studies from two sites such as Barley and Sullivan (1997), and Powell (1990) in which authors have argued that the

dual study approach effectively facilitates adequate comparison. As both Mitchell (1976) and Yin (1993) have argued, case studies should be evaluated in relation to the external environment in which the investigation was conducted. In addition, other researchers have stressed the advantages of using case studies to test the findings suggested by other research (such as a survey questionnaire) and to confirm its findings.. The case study approach adopted in this study concentrating on the merger between the AEU and the EEPTU in McVities (UK) and between BIFU and NORSA, in the Northern Rock are also important because they allow a combination of quantitative and qualitative research over time to be conducted. Given the complexities of the issues under investigation and the way in which factors influencing power, in particular, are inter-related the combination of a survey and a questionnaire approach to the study offers a way of collecting the full range of data on the effects of merger. Full details of the methods applied during the study are included in the appendix together with copies of the questionnaire surveys.

In focusing on the development of mergers over time, rather than on the point at which a merger is legally delivered, the study investigates the consequences arising from the way in which mergers occur. As we have established the process and stages by which a merger occurs may provide important signals about where power resides in the organisation during the merger and the likely areas in which relations may change post-merger. The study investigates the effect of the merger process, the way in which unions merge, on union power. Little research has been conducted about how two previously entirely independent organisations draw up a single constitution and rule book and gradually integrate their organisation through a joint branch structure and services. The processes by which the

merger is realised is one of the least studied aspects of merger activity and yet in defining the way in which the new organisation is structured and operated it may be an important influence on union power.

In this study I will investigate whether or not the processes by which a merger decision is implemented will have implications for the trade union which go beyond the formulation of a new organisation. Clearly, the objectives of the unions and the internal and external pressures upon the partners involved, will all exert some influence on the way in which a new organisation is structured. This is, as we shall see, the primary focus of the literature focused on union mergers. As well as commenting on and challenging some of the established theories relating to union merger, this study will examine those consequences of the merger which transcend the creation of the new organisation per se. It will look beyond the motives of merger towards the mechanism by which the merger is completed, as well as the impact of internal union politics, on the structure of the new organisation.

This investigation, focusing on the merger process as opposed to the point of merger, has been conducted assuming that there are likely to be significant organisational inefficiencies in, at least one, partner union before it embarks on the merger process. Some commentators such as Undy et al (1981), may challenge this assumption on the basis that, depending on the type of merger, unions may be structurally very efficient when they embark on a more aggressive merger policy to trap or attract smaller partners securing access to new areas of growth. Similarly, there may be an argument to suggest that a blanket assumption of this

case is not sophisticated enough to address the wide variety of organisations embarking on a merger. However, my assumption is justified on several counts.

Firstly, academic studies, as we shall see, suggest that union merger is primarily a “*defensive*” or “*consolidatory*” response to harsh pressures on membership levels or service provision. Unions engage in mergers in periods of great economic change when either the ability to survive change, (or to take full advantage of it), is under question. It therefore seems appropriate to assume that organisations which choose to embark on a merger, may be subject to pervasive inefficiency and unable to sustain membership or services in the economic environment, or else inefficient because they are unable to realise the full potential of their environment within their current structure. The assumption of inefficiency is therefore directed at a union's organisational structure and whether or not it is appropriate, (either to preserve and protect current standing, or facilitate potential growth in the current environment). Some unions will be inefficient in protecting their members, whilst others will be inefficient because they fail to realise for their members the full range of potential benefits from their environment.

Secondly, it could be suggested, given that economies of scale is one of the key drivers of merger activity, a recently merged organisation may be inefficient because it has not yet had the opportunity to remove the duplication of functions and realise economies of scale. Finally, it may also be reasonable to assume a degree of structural inefficiency from the lack of organisational reform, other than merger, with which unions have reacted to the economic pressures of the day. The functional responsibilities of union staff such as



Negotiating Secretaries and Officers and the structure and composition of negotiating forums, if not the level at which bargaining is conducted, have remained broadly similar over the past 20 years. Moreover, there is little evidence that unions, in employing the services of consultants or on undergoing major structural change, have sought to address any organisational efficiency to any large degree. It may be reasonable to assume therefore that since there is little evidence of it having been tackled, a degree of structural inefficiency remains. Each merger will invariably involve a degree of rationalisation or re-organisation to take advantage of the structural benefits of economies of scale. The process of investigation or review which precedes this re-organisation may hold the key to an assessment of whether an increase in power attributable to a merger stems from a rationalisation exercise conducted outside its parameters.

It became apparent that when a trade union merger occurs review processes are introduced in a preliminary stage in the merger. In other words, an exercise is conducted to ensure that the way in which the organisation is structured is efficient in relation to its bargaining and organisational objectives. A thorough analysis of the scale and efficiency of the current organisation currently, will inevitably play some role in determining the focus for any structural change. This study will investigate whether or not the review process takes on a momentum which goes beyond that directly related to the merger. It will look at the degree to which the reviews designed to deliver an efficient integration of partners actually goes beyond that remit to promote wider organisational efficiency. Participants in a merger may understand the rationale underpinning the decision to merge and, for this reason, accept that the merged organisation is likely to signal changes and rationalisation in organisation. For

this reason a merger is accompanied by an acceptance of a period where services are reviewed and reorganised to deliver the benefits of the merger. In other words, an general wariness of and opposition to changes which may exist within an organisation may be 'unfrozen' by a single policy change like a decision to merge. Given that it is only recently that trade unions have been prepared to engage consultants and / or conduct strategic reviews and efficiency audits, the facility to permeate change in disguise may have been a key aspect of the review accompanying mergers. The merger may *de facto* deliver an engine for ongoing change throughout the organisation.

Broadly speaking, my review of union structure and services which accompany the merger process will fall into four distinct categories *minimal*, *focused*, *broad* and *ongoing*. The *minimal* review will apply to those mergers where the two merger partners essentially bolt together their existing structures and, by and large, maintain the provision of separate services within separate structures. The unions do not undertake a review of services or structures because they continue to operate largely independently. This begs the question of why they merged at all, if even the most rudimentary benefits of economies of scale are ignored. It may be that there is some political or industrial motivation.

In circumstances where the organisation and provision of services directly related to the merger are reviewed this might be said to be "*focused*." The organisations involved study the appropriateness of those structures and services affected by the re-organisation. This category of review would involve steps to secure very basic advantages of economies of scale by partners through sharing research, publicity or legal services whilst maintaining

separate decision making channels and so on. It would also include a complete audit of organisational structure within the area directly affected by the merger, for example throughout a small partner and at the point of impact with a larger union. It would also include those reviews conducted in the formation of a federation where the unions merge support services but maintain separate, independent bargaining organisations.

A “*broad*” review would be one which includes those areas of the organisation not directly affected by the merger, that is away from that part of the organisation where the merger impacts on structure directly. For example, a review of the whole organisation including areas not related to or involved in the merger. It would include those reviews which occur when a new organisation is established from elements of two or more equally sized merger partners. The “*focused*” or “*broad*” review may develop into the final category of an “*ongoing*” review where the merger process makes some provision for a review process to be conducted at regular intervals. This requires the acceptance of the notion that change originating from the merger might be used to promote an ongoing efficiency programme within the new structure. The constitution of the new organisation might, for example, specify that a review becomes an integral part of the new union structure. A culture of ongoing improvement and organisational development may be nurtured through this provision.

My research will investigate the extent to which a review process established as a direct consequence of the merger can be extended gradually into a broader and ongoing vehicle for continuous improvement. It will also examine the degree to which the efficiencies which

accompany a merger arise from the merger itself or from the wider moves towards efficiency which are freed by the merger process. The degree to which the merger acts as a *Trojan horse* for wider or ongoing efficiency reviews will be examined. It may be that trade unions are no different from other organisations, including companies, in taking advantage of an upheaval within the organisation to set the entire organisation on an even keel, utilising a period of reorganisation to deliver wider efficiency and ongoing change. When the business at Rolls Royce collapsed at the end of 1994, the Company used the crisis to push through a major re-organisation which included team working and total quality improvement. They also used the period of change to deliver a system of ongoing reviews of efficiency which would assist in the management of change in the future. Of course, an investigation of whether or not the process of merger can be used to promote ongoing change in an organisation will have an important contribution to make to our study of union power. If it emerges that some of the benefits hitherto attributed to mergers result directly from the accompanying reviews then this may have implications for the current trend towards mergers aimed at improving union organisation, particularly since in recent years union resistance to openly promote efficiency reviews and employ consultants to manage change programmes seems to have decreased.

## **Summary**

Previous studies of merger activity have either focused on historic economic factors, in which it is assumed that unions have in response to broad economic trends pursued a strategy of merger that has concentrated power in fewer, stronger unions. Questions remain,

however, as to the extent to which previous studies have a wider application. Firstly because their primary interest is in the reasons for engaging in a merger and not the outcomes or effects of it the research has a historic focus. Secondly, because, by and large, studies have examined mergers at the point of impact and not over the period in which the merger develops, the merger process, studies have been constrained by the way in which the merger has been defined. A comparative case study approach, based on a detailed questionnaire survey, supplemented by interviews with leading practitioners, offers the opportunity for the consequences of a merger to be identified and isolated. In focusing on the people involved in the merger process, and the post merger development of collective bargaining, the approach also offers scope for investigating the benefits and costs of merger activity and whether they have been legitimately presented as such. One area of particular interest in this respect, and one which we shall consider in much greater detail, is the degree to which the merger process can legitimise a general move towards greater efficiency in the trade union. Since a merger requires such a detailed examination of the entire trade union organisation both pre and post merger it is arguable given the historical evidence, that merger opens up areas of union organisation to efficiency review that in its absence, would have remained protected from rationalisation. In focusing on the comparative case study approach and addressing carefully the source and extent of any move towards rationalisation, the thesis will shed some light on the degree to which mergers deliver efficiency benefits as opposed to simply legitimising them.

In investigating the impact of union mergers on the traditional arena of trade union power the thesis may contribute to a better understanding of the dynamics of union organisation

and provide some indication of whether the union member has been well served, collectively and as an individual, by the growth in union mergers. In questioning the impact of mergers on unfreezing union opposition to wider change and efficiency review the thesis may be able to indicate whether or not the most significant impact of mergers on union power has been outside the bargaining agenda altogether.

Before this can be attempted, however, it is important to outline the historical and conceptual framework in which this study of mergers will be conducted. In the first instance this involves a detailed assessment of the academic research on mergers that has been conducted and an outline of the work on defining union power . Once there is some familiarity with the findings in both these areas the investigation will be better placed to examine and report the consequences of mergers essentially by constructing a model, based on my own primary research, which bridges the two.

### **3. POWERFUL ARGUMENT - REVIEW OF THE LITERATURE ON MERGERS AND ON POWER THEORIES**

Reviewing the literature on trade union mergers and power theories is central to the investigation of the relationship between mergers and union power. It allows us to draw upon any relevant research to further this investigation and provides some useful parameters within which the concepts central to the study can be examined. As we have already discovered, literature on trade union mergers has concentrated up to now on the trends in union merger activity and the reasons that unions become involved in a merger. Questions relating to the consequences of a merger, the way in which merger activity is organised and developed and the implications of mergers for trade union power have not been investigated in the literature on mergers. Nevertheless, it is important a review of the literature to place the study in context. In examining both the focus and findings of previous research it will contribute to an understanding of the background research on mergers and also where the debate on mergers has been focused up to now. Similarly a study of power theories , particularly in relation to studies of collective bargaining, will also promote a background understanding of the issues and help to place this study in context. More than this, however, the literature on power theory will also provide some useful pointers of the definition of power and the way in which it is exercised. Previous research can therefore contribute to the

framework in which this study attempts to measure power and isolate particular determinants from each other.

The review of the background literature therefore falls into two distinct sections, the work conducted on classifying merger types and examining the trends in merger activity and the research that concentrates on the work on power theories, both in general and relating to trade unions. Careful consideration of both these fields will be central to the creation of a viable model under which the relationship between mergers and power can be investigated.

## **Trade Union Mergers**

The literature on trade union mergers has generally focused on placing mergers in a historical context and studying the determinants of mergers, the factors that influence a union's propensity to merge. These historical studies have taken a range of economic (and social) data and compared and contrasted movements in the economy with data on the level of merger activity within trade unions. Buchanan (1981) for example, heads those who examine mergers in the context of the economic environment and stress that changes in the economy precipitate waves of merger activity. This method has been criticised by, amongst others, Waddington (1994) on the grounds that it is based on the premise that unions respond in the same way environmental factors before, during and following a merger. He (op. cit.) argues that the links between mergers and economic environmental determinants compared with other factors such as membership concentration for example, are relatively



insignificant. The analysis of mergers in the context of environmental factors is limited in its neglect of the structural determinants, the political or bargaining framework, for example, which may also have an impact on merger activity.

In addition to the historical study, merger activity has also been studied through a series of case studies, most notably by Undy et al (1981). Here the analysis of mergers identifies structural determinants but again the methodology has been criticised on the grounds that it assumes that a general categorisation can arise from a particular study. Undy et al may identify several categories of union merger but each classification stems directly from a single study in each case.

The view of mergers as a consequence of external factors or pressures in the wider economy has for the purposes of this study, been labelled "*environmental determinism*". The primary determinant of a union merger is the external economic pressures which a union is subject to. In contrast, the view that the internal dynamic for a union to protect or extend its influence through involvement in a union merger or the acquisition of other unions we have labelled "*internal structural determinism*". The trade union is seen as a master of its destiny pursuing a conscious policy of merger to meet the organisation's goals and aspirations. It is this difference in the importance of external and internal influences on trade union merger activity which has, until now, driven the debate on merger activity.

## **Environmental Determinism**

Buchanan (1981) identifies three waves of union merger activity between 1892 when there were 1,233 unions and 1979 when the number had fallen to 456. Buchanan (op. cit.) claims that waves of union mergers which occurred in 1918-24, 1944-48 and 1966-79 were essentially the result of environmental factors. He cites economic influences, notably the state of the labour market, and political pressures in the form of the dominant political ideology. Buchanan (op. cit.) argues that the greatest spur to merger involvement may be the economic downturn in which unions merge to preserve the differentials in the level of membership and to increase their bargaining power in a contracted economy. He notes that waves in the economic cycle were matched by waves in union bargaining activity. In relation to the second wave of merger activity, in particular, he argues that the impact of inflation is central to the promotion of merger activity. The onset of rising inflation makes it more difficult for small unions to preserve their independence and makes the size and efficiency advantages of larger organisations more attractive. Buchanan (op. cit.) concludes that trends in increased prices and wages are the most important determinants of merger activity. Buchanan (op. cit.) supports his analysis by arguing that there was a link between company merger activity and that of unions. Both employers and employee organisations expanded independently with economic expansion and looked towards merger as a way of maintaining market share or a position in the bargaining hierarchy when the economy was contracting.

Geroski and Knight (1984) also establish a link between trade union merger activity and periods in which the structure and organisation of bargaining is changing. Specifically the authors find a link between periods in which there is a re-alignment of corporations and an increase in corporate merger activity and changes in trade union organisation, in particular a growth in trade union mergers. Changes in corporate structure provoke a variety of responses from the unions but periods of corporate consolidation are reflected in a growth in union mergers. Geroski and Knight (op. cit.) conclude that trade unions will reform their structure to reflect the prevailing model of corporate organisation and bargaining framework, but ironically, this strategy has not been particularly effective in the preservation of trade union influence. Reflecting corporate merger structure in particular they argue has been "*an insignificant response to prevent the erosion of trade union bargaining power*".(p57)

In a later study, Buchanan (1992) studied the impact of union growth through recruitment and merger on union concentration which he defined as the prominence of larger unions amongst the population. He concluded that unions were increasingly dependent on merger activity to maintain their position and level of concentration in a hostile economic environment. As an example, he cited (op. cit. p63) the statistics which indicate that since 1938 the top fifty unions in the US have remained largely unchanged and become a self-perpetuating group. In a similar study of American unionism conducted by Chaison (1980) it was argued that up until the formation of the AFL-CIO in 1955, unions reacted to broadly environmental pressures through amalgamations and mergers but that the establishment of a

regulatory framework for union amalgamations provided the impetus for unions to turn to formal mergers instead of loose federations to protect or extend their influence within the labour movement. Chaison's (op. cit.) findings were based on a study of 143 union mergers in the US between 1900-78.

Buchanan's (1981,1992) work linking trade union mergers to influences in the wider economy can be viewed as a contribution to a wider body of material linking trade union change to external determinants. Cronin (1979), for example, claims that there have been five waves of strikes since 1888 each linked to the transition period between economic downturn and recovery whilst Bain and Elsheikh (1976) note that the growth in trade unions is greatest in periods of cyclical fluctuation of varying degrees of magnitude. In each study, including Buchanan's (op. cit.), those which are primarily dependent upon theories of external or economic determinism can be criticised on the grounds that they do not investigate or control for other potential influences on trade union behaviour. In so doing, they neglect other factors outside the economic or political framework that may have an impact directly on trade union behaviour patterns. Moreover, Buchanan's (op. cit.) studies seem to ignore the possibility of the emergence of a more complex set of responses from trade unions to development in the economy. Trade unions are assumed to respond to a range of determinants in a set pattern through different economic cycles. Finally, Buchanan's (op. cit.) studies can be criticised for a degree of confusion between economic or external determinism and the influence of external factors on policies determined by the trade union. In other words, the degree to which trade unions are being influenced by their surroundings and the degree to which trade union are pursuing policies which take account

of their surroundings remains unclear in these studies. All trade unions, for example, are assumed by Buchanan (op. cit.) to react in a similar way to the same external determinants.

Waddington (1988) identifies two periods of merger activity pre and post war, 1893-1939 and 1946-79. He argues that whilst economic activity is an important determinant in each period the key influence is institutionalised collective bargaining. Whilst the impact of the economy, the political process and the level of unionisation are all important this is because of their influence on the degree of institutionalised bargaining as opposed to a more direct impact on union mergers. The relationship between political and structural factors is not constant. Waddington (op. cit.) concludes that it is the organisational stability combined with periods in which unions can exercise their bargaining strength which dissuades unions from engaging in the merger process. Union mergers are therefore more likely in periods when bargaining structures are fragmented and unstable and less likely when the structure of bargaining are formalised. Waddington (op. cit.) does not neglect the impact of structural factors, he surmises the level of institutionalised collective bargaining is the *"intervening factor between structural factors and merger activity."* (op. cit. p426)

In another historical analysis, Waddington (1994) examined union mergers in relation to union growth using the Herfindahl index to measure the change in the concentration of union members. Waddington (op. cit.) attempted to study the relative effect of mergers and recruitment on membership concentration and to examine the extent to which union membership was concentrated into fewer, larger organisations. Again he identified two waves of activity and he extended the second period to 1987 in the light of his research. He

concluded that between 1892 and 1946 the concentration of membership increased as a result of fewer organisations representing more members. Recruitment activity, as opposed to mergers, raised the concentration in membership until 1947 and it tended to lower thereafter when a lack of recruitment was seen to have a negative impact. Between 1946 and 1987 unions retained a similar relative position to each other but there was a decrease in concentration as larger unions suffered from a greater level of membership decline. However, the large unions were able to maintain their relative positions primarily through engaging in merger activity. Recruitment was not a significant factor during this period because the larger manual unions were not able to compete with the union growth in white collar and public sector unions. Waddington (op. cit.) concludes that trade union mergers allowed unions to retain their position in the union hierarchy since 1946 and that the tendency to merge in order to protect this position was more apparent and more widespread in the 1980s. Larger unions were more likely to suffer membership decline in the 1980s and responded by using mergers to maintain their place in the pecking order.

In her historical analysis of merger activity Aston (1987) concludes that mergers result from an institutional weakness in the acquired union which results from a variety of environmental factors such as technological change, political hostility, industrial decline and economic recession. The evidence relating to the acquiring union is, she concludes, more complex and she cites the impact of a desire to protect the sectional interests of members and the impact of competition in the recruitment of new members. There is evidence that unions are opportunistic and entrepreneurial in approaching partners with a strong financial and membership base.

Unions also seek mergers to diversify their membership and avoid the prospect of a sudden membership loss as a result of a single technological change or industrial decline. Merger activity, she surmises, is seen as an efficient method of union recruitment.

Ashton is less convinced by the evidence linking mergers with changes in bargaining structure arguing that multi-unionism has often persisted despite an accelerated merger process and even where unions have been absorbed into a larger organisation, sectional bargaining has been maintained post-merger. This analysis has important ramifications for a study of the relationships between merger activity and power relations particularly given the importance which, as we shall see, many commentators attach to union successes in the bargaining context as an indicator of union power.

Aston concludes her study by predicting a growth of consolidatory and defensive mergers in the public sector unions given the increasingly hostile environment in which they are operating and the pressures presented by membership decline. She also identifies the emergence of key industry-based unions in the private sector and the growth of the so-called 'super-unions' amongst the large general unions.

### **Internal Structural Determinism**

In contrast to the body of work that highlights the environmental determinants of union mergers, there is also evidence to suggest that internal structural factors within the unions

have an impact on merger activity, and that unions chose to embark on a proactive policy of merger for a variety of internal, strategic reasons.

The growth in super-unionism was identified by Willman and Cave (1989) as the way in which large trade unions seek to preserve their "market share" of trade unionism. In this regard the study concludes that this is a relatively ineffective way of preserving strength giving rise to further membership concentration and contraction and leaving non-union areas untouched. Mergers deliver few administrative benefits for unions and lead to a more difficult representation of members as they become spread across a range of occupations and sectors. The main potential benefits of merger activity, avoidance of inter-union competition and control of finances are, they claim, rarely realised. They conclude that unions would be far better advised to pursue a strategy based on joint ventures, in which information and resources are pooled by two or more separate organisations which maintain their decision-making independence. Such a strategy has the potential to realise the administrative advantages of merging and it avoids the need for a ballot. The duo indicate that a joint venture operation of the type established by IPMS, STE and the Halifax Building Society Staff Association may provide a useful example of an effective union structure for the future particularly since it accommodates the partnership of TUC-affiliated and non-TUC affiliated organisations. Joint venture can have a positive impact on cost control by providing a means of sharing expertise and resources.

The authors conclude that, despite its prevalence, it is far from clear that merger activity is the best solution to the problems which unions face and, although joint venture also fails to



provide a way of absorbing the non-union sectors, it does provide a more efficient method of deploying union resources to deliver the objective of maintaining a market share of membership. (Given that a joint venture, of the type that IPMS and its partners have embarked upon, was facilitated by a general pressure to merge by medium sized unions and given that many of the benefits in relation to economies of scale are similar to those anticipated by merger partners, it has been decided to include federated structures of this type in my study of the effects of mergers on union power. Despite the fact that component unions in the federation maintain political autonomy, organisationally, I will argue, they have more in common with merged organisations than independent unions).

Quite why the authors place their emphasis on what is essentially the avoidance of a ballot in championing the concept of joint venture over formal merger activity is unclear. However, the major limitation of their analysis is that it fails to examine the potential advantages in collective bargaining which may arise from a merger. The impact of an increased membership in the sector combined with more resources and less inter-union competition may well have some impact on bargaining power as a union is able to focus more resources on bargaining objectives. The failure to even consider the potential impact of a merger on bargaining structures and union power is a serious omission.

In a recent study of the role of trade unions in the future Robert Taylor (1993) suggested the emergence of the federated structure at IPMS and the development of super-unions were both positive developments for the labour movement. He quotes evidence from the public services union, UNISON, which suggested that the key advantages of the larger

organisation were the avoidance of duplication and the establishment of a body which could more readily adapt to the changing patterns of public sector employment. In the book, IPMS stressed the advantages of a federated structure in terms of the ability to maintain existing levels of membership service and independent structures despite falling membership levels and the ability to increase membership by attracting other management organisations to the federated structure. In an assessment of the development of the union movement in recent times, Taylor (op. cit.) confirmed a dramatic growth in merger activity in the eighties and reports the speculation that a few so-called "super-unions" would dominate the labour movement by the turn of the century. Taylor (op. cit.) claims that the growth in merger activity has probably been over defensive and a response to falling membership and finances.

### **Structural Determinism and Merger Classification**

The analysis of merger activity conducted in Undy et al (1981) is a departure from the main body of the work in this area in that, although the work is concentrated similarly on internal structural determinants, Undy (op. cit.) identifies different types of merger activity arising from a different series of structural determinants. In the studies examined so far, external determinants are assumed to influence unions to behave in a similar way. The analysis, therefore, goes beyond that provided by other external structural determinists because it is able to identify different structural pressures as leading to a particular pattern of merger activity. In a series of case studies, attempts are made to analyse different types of merger process by identifying the different factors which may have an influence on a union's

decision to embark on the merger process. The author claims that unions will be motivated to merge for either institutional survival or membership growth.

Three different types of merger are identified.

(i) A defensive merger - Undy (op. cit.) classifies the formation of UCATT from its component unions ASW, ASPD and AUBTW, as a "*defensive*" merger to combat the changes in the working environment. The increase in self employment and contracting posed a threat to union organisation and in order to ensure the survival of the organisation against a back-drop of expensive officials and a declining membership, the decision to merge was taken. The expansionist policies of the TGWU in the late 1970s and a desire by the building unions to preserve a sectoral union were identified as being factors which pushed the partner unions together in an attempt to preserve their independence. Undy identifies four factors or "*primary change agents*" which may influence a union towards a defensive merger, these are membership and finance, technological change, demarcation disputes and the role of other organisations, particularly a broad expansionist policy adopted by a large general union.

(ii) An consolidatory merger - The second type of merger activity is classified as "*consolidatory*" which is illustrated by a case study of the merger giving birth to the AUEW. In contrast to the defensive merger, in which action has to be taken to preserve the organisation, consolidatory mergers arise when the parties recognise that, whilst there is no immediate problem of survival or preservation, it is better to face problems of membership

contraction before they become acute and seek the protection of a larger organisation. Where the defensive merger is based on an actual threat, the notion underpinning a consolidatory merger is that of a perceived threat. This acts as a spur to the merger process. Undy identifies membership forecasts, the perceived threats from technological advances and the stability of membership in potential partners as being the key determinants of a decision to engage in a consolidatory merger.

(iii) An aggressive merger - Finally, the "*aggressive*" merger is identified, the only one of their categories that does not equally apply to all the partners to the merger. In the aggressive merger the larger union effectively takes over the smaller one in order to secure more members and an advantageous position in the competition for future members (through a move to new areas of potential recruitment). Undy (op. cit.) illustrates the process in referring to both ASTMS and TGWU, both of whom pursued a strategy of aggressive mergers in order to increase their influence throughout the wider union movement. The motivation of the smaller union will often be defensive since is likely to disappear as an independent unit as a result of the merger. Unions are, nevertheless, attracted to the larger partner because of the level of services and degree of expertise which a larger organisation is able to tap. Moreover, there is often scope for a smaller body to

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maintain some degree of independence inside the larger organisation as general unions are usually organised along sectoral lines and governed by a series of section councils under the umbrella of a national executive.

The analysis is useful in that it provides a way of categorising different examples of a trade union merger and in doing so breaks away from the notion that mergers are a uniform response by unions to a variety of external determinants. It identifies the determinants of merger activity from a union perspective in contrast to the wider economic and structural determinant identified by Buchanan (1981), Waddington (1994) and others. The motives for a merger should be easier to isolate and identify than the wider social and economic determinants of the merger process. This is partly because, where a merger is part of a formal union policy, there are likely to be documents making reference to the motives for merger held by the merger partners. In contrast, specific external determinants are likely to be difficult to identify in anything other than the broadest terms because of the complex inter-relation between factors, (which may exert conflicting pressures on the trade unions at any one time). The analysis is also useful in that it allows predictions of merger activity in the light of the factors identified. However, the true strength of the Undy (op. cit.) approach is that it identifies, not only increases in the level of merger activity, but also the mechanism for classifying the type of merger activity which occurs. In so doing, the approach, in addition to its contribution as a tool for classification, also provides a useful method of analysing the merger activity which falls outside broad economic determinants. Therefore, whilst the analysis of Buchanan (1981) is criticised on the grounds that there is no consideration of the inter-relationship between external determinants and internal union policy, Undy (op. cit.) is able to isolate the internal determinants of merger. These can then be linked to external factors to produce a more comprehensive study to the inter-relationship between internal and external dynamics. Moreover, the application of the model to individual mergers as opposed to waves of merger activity, gives it an application that is

wider than studies that concentrate on the study of mergers as a collective response to external determinants.

However, the model also suffers a series of limitations. Firstly, it fails to account for differences in the propensity to merge. The motivation of the parties in a merger is assumed to be equal. Unions involved in consolidatory or defensive mergers are assumed to be equally keen to activate the merger process. In reality, one of the parties is likely to be under more pressure to engage in the merger. In a defensive merger one of the parties may be considerably more interested in merger as a means of averting financial collapse. The differences between the types of merger classification, particularly the defensive merger and the consolidatory, may be difficult to identify in a particular merger and may even change during the merger process. Without detailed knowledge of union finances it may be difficult to assess whether or not the move is necessary for the organisations' survival or the result of responsible planning on the part of the union in recognising the potential threat of sectoral change in employment patterns.

Moreover, the situation may change over time and Undy's (op. cit.) analysis is also very dependent upon the particular time in which the merger process is examined. Since he roots his definition of a merger at the point at which it is legally ratified, the analysis cannot assess the development of the merger over time. Given that the merger process can take years from initiation until formal ratification, it is not realistic to adopt a single classification based on a snapshot of the motives underpinning the merger at a particular time. A merger is a dynamic process in which the motives and aspirations of the partners

develop over time. Undy's (op. cit.) is unable to accommodate the dynamic in his classification system.

In reality, for example, a more flexible definition is needed to reflect the not uncommon possibility that whilst a merger may start off in one of the categories it may transfer to another as the process develops. If a union entering a consolidatory merger suddenly suffers a membership haemorrhage as a result of a major influx of new technology then it may be more accurate to describe it as a defensive merger on the part of one union or aggressive on the part of the other.

There is a general problem with the analysis adopted by Undy (op. cit.) in that the classification of mergers is dependent on the view adopted by the analyst. In some circumstances, whether a merger is defined as defensive or aggressive will be dependent on the perspective from which the merger is viewed. From the viewpoint of the motives and influences on one protagonist the merger may be a defensive move; from the viewpoint of the partner the merger may be aggressive. Whilst different perceptions of the motives for a merger may be apparent between independent observers and the unions concerned, there may also be a different perception within the union. A small union may object to being seen as the victim of an aggressive merger when they have negotiated independence within a protective umbrella and the primary motive for merger is access to the skills and facilities available in a larger union. Similarly, whilst the membership may be encouraged to vote for a merger to consolidate union strength within a given sector, the General secretary and NEC

may be aware that union finances require a merger in order that the union survives and that, in reality, the merger is defensive.

An article studying the attempts to conclude a consolidatory merger between the two main representatives of banking employees BIFU and the Clearing Bank Union by Morris (1986) is critical of the Undy (op. cit.) classification for failing to take sufficient account of the dynamic of internal politics within merger partners. Morris (op. cit.) argues that, despite the massive technological change in the finance sector and the perceived loss of members, talks between the two unions did not result in a merger. He argues that internal politics is the crucial determinant in a merger because it defines the framework for merger discussions for each organisation. Whilst Undy (op. cit.) recognises that internal politics may have some influence on trade union merger activity, they tend to classify it as one factor amongst a group of internal determinants and not as the primary influence upon behaviour. Undy (op. cit.) does not accept that union mergers are primarily determined by conscious policy and internal political decisions, although he accepts that they may have some validity by including them amongst his range of influences on merger activity.

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Morris (op. cit.) argues that factors such as the inability to accommodate the two very different philosophies and cultures in a single structure, combined with the perceptions of each party about the likelihood of retaining single recognition rights, effectively killed off the prospects of the merger in the finance sector. Ironically, he concludes that a prospective merger may resurface as the external pressures on unions intensify. As membership continues to decline the pressures will grow on the unions to engage in a defensive merger



despite their wish to maintain their own union culture and separate bargaining rights. (The current discussions between BIFU and the clearing bank staff associations, of course, give his Morris' (op. cit.) some credibility.

Morris (op. cit.) concludes that ideological differences between unions may override the rational cost/ benefit analysis of merger activity which is central to Undy's (op. cit.) approach. He stresses that political differences may derail a merger which in all other ways would be a rational development for the parties. Whilst Undy's (op. cit.) model would suggest that as membership falls, merger activity will increase. It is notable that, in some cases, mergers stumble at the negotiation stage, suggesting that internal politics can have a determining influence on mergers.

Finally, Morris (op. cit.) also argues that Undy (op. cit.) underestimates the impact of employer strategies and attitudes. He argues that the laissez-faire attitudes of the bank employers has contributed to the maintenance of separate unions. He also suggests that the impact of Human Resources Management in encouraging employees to identify more closely with their organisation may dissuade members from merging into a larger organisation which they perceive as being more distanced from their working environment. Morris (op. cit.) suggests this may be particularly important in circumstances where a small staff association is approached to join a large trade union.

A further problem with the Undy (op. cit.) classifications is that they can be seen as being subjective in their definitions and this may lead to them being unsuitable as the basis for my

own research. The definitions may prejudice any research based on the classifications. The "defensive" category, for example, may imply a position of weakness in the participating unions that union officers may be reluctant to admit and therefore it is likely that if the classifications were used in research such as this, there would be a tendency by respondents to over-emphasise the consolidatory action over the defensive, in order to disguise what may be perceived as weakness.

Although the classifications will cover most merger activity between unions there will invariably be some mergers which do not rest happily in any of the categories. Unlike the defensive and consolidatory mergers, the aggressive merger only adequately accounts for the predatory motives of the larger union and says nothing about the motives of the smaller body. The categories thereby fail to reflect the often quite different circumstances of a union being taken over. The circumstances in which UCATT approached a merger with the TGWU including huge financial deficit, high staff turnover and hostile in-fighting are, as we shall see, entirely different from the circumstances which surrounded the merger of the Northern Rock Building Society SA with BIFU. Here the smaller union was able to negotiate very favourable subsidised subscription rates for members, a guaranteed level of staff cover and an independent executive council within the banking union. This is hardly the position in which a union would expect to find itself having undergone an aggressive merger.

The categories also do not encompass the growing trend of cross-sectoral mergers which do not result from an expansionist policy of aggressive merger by a large trade union.

Increasingly, unions are showing an interest in joint ventures aimed primarily at obtaining services and administrative economies of scale rather than consolidating organisation in a given sector. The formation of the Federation involving civil service union IPMS, the Society of Telecom Executives, the Communication Managers Association and the Halifax Building Society Staff Association, covers a wide range of different sectors and, whilst it stops short of a formal integration of organisations, it may be legitimate and useful to class this development as a formal merger for the purposes of the study. The federation was formed in response to many of the pressures that have pushed other organisations towards merger and the perceived benefits of the organisation are couched in the same terms as a horizontal merger (shared services, economies of scale, greater access to the media, for example). Undy's (op. cit.) categories fail to adequately address such developments.

Despite the limitations of Undy's (op. cit.) categories however, they are more important than the simple, easily understood, environmental mechanism of classification. The analysis has some theoretical significance identifying the range and impact of internal union dynamics on the merger process. The analysis allows commentators to study and classify mergers in a historical context and also to predict merger activity when unions face a series of influences. The model allows a snap-shot classification of union merger activity and as such provides a vehicle for a study of inter-union power relations at a particular point in time. The study has the advantage over studies which link merger activity to broader political and economic determinants because factors which determine the classification are more easily identified. Moreover, although there are limitations to the Undy (op. cit.) analysis, these can be adjusted for by subjecting the classifications to a greater degree of

analysis than Undy (op. cit.) undertook. In simply setting out to categorise union mergers and identify their determinants, Undy (op. cit.) neglected the theoretical qualities of the tool they developed. In seeking to study the relationship between union power and mergers in this thesis, an attempt has been made to strengthen the categories by widening the definition of mergers (to include developments over the time of the merger process and include joint ventures which share common objectives with mergers) and ensuring that the analysis does not focus on one partner at the expense of ignoring the motivations of the other.

### **Undy - Causes and Consequences**

In *Trade Union Mergers - Causes and Consequences*, Undy (1993) goes on to identify some of the implications of the merger activity he has identified in his earlier work. He identifies the majority of mergers in recent times (1978-93) as being consolidatory with a tendency for unions to merge in order to break into new sectors (for example, BIFU's merger with GRESU opened up the wider finance sector to the banking union) and to stifle inter-union conflict (for example, the SOGAT/ NGA and NUPE/NALGO mergers led to a reduction in inter-union competition for members). Undy concludes that the primary determinant of merger activity is as a method by which unions increase recruitment when confronted with a declining level of union membership.

The main determinants of a decision by unions to embark on a merger are, Undy (op. cit.) notes, financial (with only a minority of mergers, in fact, offering initial savings), bargaining considerations and a desire to dominate job territory, the internal political

balance of the union and the level of membership services on offer. In summary, Undy declares that merger activity amongst smaller unions has primarily been defensive whilst the motives of larger unions are more diverse. Some unions have developed a focused strategy of activity within a given sector (BIFU in the finance sector for example) whilst others TGWU, GMB and MSF have sought mergers to bolster membership and increase influence in what Undy describes as "*market share unionism*" (op. cit. p15).

Although the title of his work refers to the consequences of merger activity, these are relegated to a largely secondary section of the study and are, in summary, rather narrow and internally focused in their conclusions. Undy (op. cit.) finds, for example, that the consequence of merger activity is a concentration of union members in fewer organisations but it falls short of industrial unionism. The financial benefits of merger are only apparent in the long-term and the eradication of inter-union rivalry is an important element in savings. Whilst the bargaining position for unions is generally improved post merger, unions are still often compelled to operate in a hostile environment. The opportunities for growth diminish in the short-term as the merger leads to less activity on individual recruitment but in the long-term the merger provides additional resources for growth. Undy (op. cit.) concludes that merging will form a key part of a union's role in the nineties and that whilst there will be benefits in terms of savings, central control over finances and reduced inter-union competition. The strategy will not open the low density, new job territories to unionisation and essentially, he concludes, it is a defensive strategy.

Undy (op. cit.) fails to link his analysis of the consequences of merger activities to his earlier study in which the classification of the different types of merger were presented. His study is weaker as a result. Undy (op. cit.) fails to explain, for instance, why a pattern of consolidatory mergers is essentially a defensive strategy when the pre-emptive nature of such mergers may leave unions well placed and resourced to tackle the non-unionised sector. In the latter study, Undy (op. cit.) has illustrated some of the external determinants which may have an impact on power relations between employers and the union, which may be affected by changes in government, bargaining strategy and inter-union competition. However, he fails to link these factors to his own earlier analysis of the underlying internal determinants of the merger process and in so doing tends to produce a study more rooted in the historical process from which he had distanced himself, than in an investigation of the dynamics of union power post-merger. The study does not present any formal model or mechanism for the study of the consequences of union mergers other than Undy's (op. cit.) own observations of union behaviour over time. No attempt is made to isolate the consequences of merger from other determinants of behaviour or to compare the influence of unions who have been involved in a merger with those who have not. There has been no attempt to study relate, in anyway, the union's performance in collective bargaining to its involvement in a merger.

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## A Unified Approach

The study of trade union mergers has traditionally focused on the impact of environmental factors such as the economy, structure of collective bargaining or government as the primary determinants of merger activity, or else, primarily through case studies research, it has examined the internal features of union structure which influence union policy in relation to mergers. Studying merger activity between 1892-87 Waddington (1995) attempts in his latest work to bridge the dichotomy between the environmental and internal theorists. He labels them the '*Industrialisation*' and '*Institutional*' theorists.

Waddington (op. cit.) traces the development of the industrialisation or internal theorists such as Berstein (1960) and Dunlop (1986), who focus on an internal explanation for the structural cycles of merger activity. Unions are seen as reacting consistently over time and theorists attempt to define and identify the merger types. Waddington (op. cit.) questions the validity of an approach which attempts to glean some general insight into merger activity from specific case studies. He questions the validity of an assumption that case studies will have a general and consistent application. Waddington (op. cit.) cites Chitayat (1979) who has argued that there was no future for a general study of union mergers because each union was an independent organisation working to different policies and priorities with a different set of resources. Similarly, Waddington (op. cit.) also critically reviews the work of the institutional theorists such as Clegg (1976), who relate union behaviour primarily to environmental factors such as the activities of employers and the state.

He questions the extent to which the internal dynamics of a union merger can be separated from their external influences. In short, Waddington (op. cit.) is critical of both the traditional schools of union merger theory on the grounds that neither properly reflects or classifies merger activity, in doing so he puts forward a new theory, which draws on the findings of both schools, to take the debate on mergers a step forward.

Waddington (op. cit.) now accepts that both traditional approaches have some merits and attempts to link the two through the examination of the inter-relationship between three sets of relationships (bargaining position in relation to the employer, position in relation to other unions and factional bargaining within unions), which he calls "*the politics of bargaining*". Waddington (op. cit.) contends that this approach, as well as incorporating key features from the environmental and structural determinants, also gives some scope in which to analyse changes in the rate and character of a unions structural development. Using the Kondratieff cycles of economic boom and slump, Waddington (op. cit.) locates key changes in union merger activity within two distinct historical periods, pre-war (1892-1939) and post-war (1946-1987). This primarily environmental approach is expanded to include reference to the internal dynamics in his analysis of the differences between the two periods.

Waddington (op. cit.) identifies the move to national collective bargaining as the key component of trade union merger activity in the first period. He argues that the development of national multi-employer bargaining led to unions merging in order to secure rights to national bargaining by merging with organisations that had national coverage. This pattern



of trade union mergers into national organisations set limits on the scope of mergers and the range of partners. Waddington (op. cit.) stresses that employers were compelled to grant recognition to the merged union when faced with an increase in the bargaining strength of the unions, whilst for the trade unions, the merger was a means of securing greater bargaining strength. As Waddington states: "*Structural and constitutional centralisation to accommodate changed bargaining structures was the object of the merger process before 1939*".(op. cit. p7)

In the second wave of merger activity, 1946-1987, union structural reform results, he argues, from the move away from multi-employer and towards single employer bargaining. Union structural reform is heralded by rising costs of professional bargaining services and attempts to preserve influence within the TUC. The state and employers were both able to influence the transition in merger activity. The state was able to raise the costs of bargaining indirectly by developing a carpet of employment law which required a class of union professionals to enforce and regulate its provisions replacing non-specialist negotiators. Employers were able to carve out a more direct impact through moves towards decentralised bargaining. The resultant economic pressures on trade unions led to a re-invigoration of merger activity but this time vertical mergers aimed at securing national bargaining were abandoned in favour of horizontal mergers, based on a similar political outlook within unions, primarily designed to control costs and defend bargaining services. The political position in 1979 had a particular impact on merger activity by creating within unions a recognisable desire to preserve their autonomy and independence in a hostile political environment. It is argued that mergers were adopted as a mechanism by unions to

address a decline in membership and a result of a requirement to protect a level of union services.

Waddington (op. cit. p10) notes that the breakdown of the "Praetorian Guard" influence of TUC policy, by which the central organisation was able to safeguard regulation of inter-union competition which previously maintained a degree of control within unions and secured adherence to a centralised labour movement policy and created a further tension of competition in merger policies. It is argued that a shared political outlook which formed the basis of fair competition between unions was no longer possible once the TUC had relinquished some authority in this area. Waddington (op. cit.) cites the aggressive market-based unionism of the EEPTU, which was attractive to many of the staff associations which joined it, as being a direct consequence of a weakened central line on merger policy within the TUC (which at the time had greater concerns with the onset of the first wave of trade union "reform"). In this respect Waddington's (op. cit.) analysis owes something to Morris' analysis of the way in which mergers in the banking unions have been deflected by the different political outlooks of the organisations involved.

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Waddington (op. cit.) also notes that, in contrast to the first wave of merger activity, a structural mechanism which allowed autonomy in bargaining by establishing trade groups was a key component of the second wave of merger activity. Indeed, he argues the degree of autonomy in bargaining that was offered often influenced the acceptance of union mergers.

On the basis of his historical analysis Waddington goes on to predict that the "*urge to merge*" (op. cit. p153) will remain integral to the development of unions who will continue to face increasing administrative costs, membership decline and bargaining weakness relative to the employer. The trend which developed between 1966-87 in particular will continue, and may even accelerate, as small unions seek transfers or acquisition in order to protect their bargaining services and larger unions merge in search of economies of scale.

### **Towards a New Approach**

Waddington's (op. cit.) analysis marks a departure from established theory in the development of trade union mergers in that he attempts to marry the concept of environmental determinism with the view that merger activity is primarily defined by the union's internal structure and objectives. This is an exciting development but one in which Waddington (op. cit.), in the writer's view, is only partially successful. In attempting to marry the two arguments together Waddington introduces a factor "*the politics of bargaining*" (op. cit. p4) which is designed to act as the bridge by which the internal structure of the union adapts (through rational action) to the environmental determinants which surround it. In short, the internal goals of the union are viewed, not simply in relation to the internal determinants of union organisation, but also on how these factors are affected by developments in the surrounding environment. The case study technique of Undy (1981) and others is revised to examine the impact of external factors on internal structures whilst the environmental determinism of Clegg (1976) or Buchanan(1981), for example, is

translated into one (important) factor which unions must take into account when pursuing their organisational strategy.

Waddington (1995) claims that his work spans the divide between a view of union mergers based on the internal or external dynamic yet in this he is not wholly successful. The merits of a comprehensive identification of the range of determinants which influence union mergers is tarnished by the conclusions which in a sense re-confirm the essential internal/external dichotomy. Despite a model that claims to step outside the traditional view to give a wider outlook, the conclusions derive from as a mixture of the established theories of which he is critical. In the first period, merger activity moves unions towards national bargaining. This is seen as the key motivational factor in merger activity pushing unions directly into amalgamations which would give access to multi-employer bargaining structures. Broadly the environment, through developments in collective bargaining, is viewed as the key element. In contrast, the financial crisis in unions is seen as the key (internal) determinant for unions to embark on what Undy (1981) would identify as a strategy of defensive or consolidatory mergers in the second wave of merger. In each case one can argue that Waddington (op. cit.) has inadequately addressed the excluded dynamic. For example, in the first period, internal dynamics in the move towards national bargaining are downplayed and the question of whether union's consciously pushed for access to national bargaining largely ignored. Yet it does not seem questionable that unions should seek to drive national bargaining to increase their access to political influence and secure access to a wider range of members. Similarly, the focus on internal influences when merger activity was a concerted response by the organisations to protect membership and

services means that the impact of external determinants is downplayed. Waddington (op. cit.) recognises that the hostile economic and financial environment had an impact on the policies adopted by the TUC during the eighties. However, he does not properly address the proposition that the changing political environment and the development of employment legislation may have been indirectly responsible for the financial crisis affecting other unions and a decline in membership. Whilst the proposition is considered, the main weight of the argument focuses on merger activity as a rational and concerted internal union response to external difficulties and pressures.

It is to be recognised, however, that the attempt by Waddington (op. cit.) to develop a theory of union mergers which embraces environmental and structural determinism is to be applauded. The difficulty identified in Waddington's (op. cit.) attempt to bridge the internal / external debate can be explained by the fact that unions are independent operators within the labour market and economy they will always be in a position where they will take the decisions which govern their structures. Sometimes these will be directly traceable to an internal strategy and sometimes they will be in response to environmental influences. The fact that similar unions may react differently in relation to their own strategy for growth, for example when faced with similar pressures externally, means that ultimately the focus on union merger activity must rest on the decision making process and the political outlook and activity of the various components of the trade union. The approach owes considerable debt to Morris, but recognises that the political outlook of a union is made up of a variety of views and expressed by shifting alliances and personalities. The structure of the work also owes a debt to Undy, (op. cit.) whose categories of union merger provide the

starting point for an analysis which, given the emphasis on political outlook, will be rooted in a case study approach. It is intended, however, to develop both the categories themselves and the case study technique in order to identify, not the factors and processes which underpin a union merger, but also the development of the merger process and, in turn, the impact of the new organisation.

Whilst Waddington (op. cit.) claims that the second wave of merger activity resulted from the desire by unions to preserve bargaining services when faced with a declining membership and rising costs, these mergers is seen primarily as a defensive mechanism to stave off further decline, or at best maintain the status, of existing services and membership. However, this analysis ignores the degree to which the merger may be a vehicle for extending the interests of membership and increasing union power, particularly in a hostile environment. For this reason, it is important that the effects of the merger on union structure and bargaining power are examined in a study such as this. Whilst such an approach will invariably have to examine the circumstances and motives for the merger amongst the partners, it will also involve a departure from a traditional focus on the internal structure of the union and the impact of external factors upon it and move towards an approach which examines the internal structures of the union and then assesses the impact of these on the external bargaining environment. In so doing, a study may be able to address the question of whether the second wave of merger activity identified by Waddington (op. cit.) has actually succeeded in shoring up membership and bargaining services as he implies or whether, in advancing union bargaining power, union members have been well served by the trend towards merger activity.

The other difficulty that can be identified in Waddington's (op. cit.) analysis is the concentration on only two periods of merger activity (each spanning approximately fifty years) and three waves of mergers. In basing his analysis on the long trends in rising and falling economic activity identified by Kondratieff, one can argue that Waddington (op. cit.) is not in a position to differentiate sufficiently between different developments in politics and collective bargaining. For example, Waddington (op. cit.) identifies his third wave of merger activity as being after 1979 on the grounds that this period marks the a change in the cultural and political support for collective bargaining and an acceleration of move towards company and local bargaining that had its roots in the fifties. This clearly ignores the complexity of developments in this period. The move towards company and local bargaining was not a constant, gradual development over the period but the direct result of political and economic initiatives. Waddington (op. cit.) notes, for example, that the increase in union instability became much more pronounced after 1979, when the changed political environment resulted in less pressure on employers to concede recognition and more freedom to extend lower wages and flexible work practices against a background of mass unemployment. Waddington (op. cit.) notes that dissolution or break-ups amongst smaller unions increase during this period as membership and political influence waned. Merger activity, he argues was the direct result of the decline in membership and the failure of unions to secure a substantial recruitment foothold in the areas of employment growth. Yet whilst the first of these elements can be traced to 1979 and a departure from the consensus supporting corporatism in relation to industrial relations; the second was a failure of unions in the seventies to anticipate the growth of private sector services at the expense

of the manufacturing sector. The latter was compounded in the eighties with the growth in flexible employment policies and a decline in traditional sectors of employment. The long waves of union merger activity identified by Waddington (op. cit.) mask a range of pressures upon unions and organisational responses to them.

Finally, in his analysis, Waddington (op. cit.) claims that declining membership, combined with the move to localised bargaining led to a policy amongst unions to merge in order to avert financial difficulties and protect their bargaining services. In this study on the impact of union mergers upon organisation and bargaining power, it is hoped that we can consider not only the degree to which the strategy was successful in preserving established services, but also whether or not developments had a positive impact on union power within a hostile environment.

### **Power Theories**

Having explored the literature on trade union mergers and the primary determinants of union merger activity, it is necessary to evaluate the definition and determinants of union power so that we can focus on the relationship between these two concepts. If anything, the determinants of union power will be more difficult to isolate given that there will be a greater range of potential influences on power and power relations, which may operate in several dimensions. Moreover, an investigation of power will also be complicated because several factors other than the exercise of power may influence outcomes, and the analyst must take steps to control these in order to produce a credible assessment. For example, a



measurement of trade union bargaining power that did not in some way allow for the economic environment in which bargaining occurs would not properly investigate union power. It is clear that factors such as the level of unemployment and inflation have a clear impact on union bargaining power and the outcomes of negotiations between union and employers.

A brief conceptual study of power and theories relating to union power will be followed by a short discussion exploring an assessment of union power for the purposes of this study and how determinants and dimensions of power identified in the literature might be of assistance to us in isolating the impact of union mergers from a more general study of union power.

## **The First Dimension of Power**

Conceptual studies of power are rooted in the seminal work on the issue published by Weber (1968) in the 1870s. Weber indicated that the exercising of power could be identified in the "*securing of wills*" (op. cit. p.87) to a particular belief or course of action. The two components of compliance (and therefore power) were legitimacy, that the body exercising the power had the right to do so and force, the exercise of power through violence. Weber (op. cit.) identified government as the organisation that maintained control over the legitimate use of violence within a state.

Weber's (op. cit.) analysis was hugely influential on the work of Dahl (1961) in his study of the application of power in New Haven in the sixties. In 'Who Governs?' Dahl (op. cit.) deconstructed the decision making process in a small New England town in order to discover whether participants in decision making had put forward alternative courses of action to those proposed by the authorities and whether these were accepted, vetoed or amended, (and then accepted). In studying the number of successes and defeats, which resulted from various propositions, Dahl (op. cit.) established a league table in which the participating groups that secured the greatest number of successes were identified as the groups exercising the greatest amount of power. Dahl's (op. cit.) work has much in common with a later study of power in trade unions conducted by Martin who identifies power as *"the success of one group in obtaining compliance with its wishes regardless of the opposition of others"* (1986 p.4).

In the analysis of power adopted by Dahl (op. cit.) and Martin (op. cit.), the processes and place in which the concept is measured become the central determinant of the definition adopted. Power is assessed in relation to the range of decisions made and measured against concrete observable processes, either decision making in a town or in a company. Underpinning the analysis is the assumption that the different groups involved in the decision-making process are in conflict and that there exists what Polsby has termed *"an objectivity of interests,"* (1963 p136) since observable conflict is seen in specific policy preferences realised through political participation.

Dahl's (op. cit.) analysis, and his conclusions that different groups won the struggle for power on different occasions depending on the issues debated and the alliances formed, quickly resulted in the work becoming the central tenet of pluralist interpretations of power relations in the US. Dahl's (op. cit.) work boosted the established order view of power and decision-making in the US. Politicians responded primarily to the view of the majority whilst interest groups were free to form and lobby local decision-making, (which they may or may not influence depending upon the support that they could muster for their propositions). Conflict of interest and controversy are evident but power rests across the community, (and not with any single interest group), the outcomes of a decision are therefore dependent upon the processes which groups adopt in order to secure their interests and not on the will of any single body or individual.

## **The Second Dimension of Power**

Dahl's (op. cit.) vindication of the status quo in relation to the decision making process was challenged by Bachrach and Baratz (1962, 1963) in their analysis of race relations in Baltimore. They concluded that the overt mobilisation of support studied by Dahl (op. cit.) was an important measure of power, however, it did not examine those situations where parties to a decision obtained a successful outcome by acting to prevent a decision being made or a proposal being discussed. There is no recognised 'success' because no formal decision has been made although one of the party's has secured an objective in preventing the decision being made. The Bachrach and Baratz (op. cit.) analysis examined power in relation to the decision making process and agenda, where individuals and groups can be

seen exercising power through control of the decision making process. In their study, Bachrach and Baratz (op. cit.) found that decisions were limited to uncontroversial, safe issues on which an unanimity of view could be secured.

They concluded therefore that any realistic attempt to measure power must focus on both the decision making process and the process of what they termed '*non-decision making*'. (op. cit. p121-346) In reaching these conclusions the debate about power shifted from a focus on the political issues to examine decision making as a dynamic political process.

### **The Third Dimension of Power**

Lukes (1977) re-invigorated the power debate in the 1970s with a fierce critique of power studies which concentrated on observable behaviour. Lukes derided Dahl's (op. cit.) pluralist view of power as being '*one dimensional*' (op. cit. p28) in focusing exclusively on decisions taken. He stressed that, in concentrating the analysis on decisions taken, the study was simply reaffirming and perpetuating the values and bias inherent in the system being studied. Dahl's (op. cit.) assertion that New Haven government was open and responsive on the basis that decisions are shared amongst participants was misleading because it concentrated solely on those parties who had access to the decision-making process in the first place. Dahl's (op. cit.) analysis failed to capture those exercising power to ensure that some groups were excluded from the decision making process and some issues were not decided or even discussed.

The Bachrach and Baratz (1962, 1963) view, which Lukes terms the '*two dimensional*' (op. cit. p76) or reformist view, went some way to recognising that power may be exercised outside the formal decision-making structures but it also lacked a comprehensive analysis. The Bachrach and Baratz (op. cit.) study, in concentrating on the measures adopted by the mayor of Baltimore to prevent discussion on a range of proposals arising from the black community (poverty task-force, new appointments and welfare reform), neglected the complex and subtle structures such as institutional discrimination which resulted in blacks being excluded from the decision making process. Power, Lukes (op. cit.) argued, operates within a much wider framework than either Dahl (1961) or even Bachrach and Baratz (1962, 1963) were prepared to appreciate. The study of power is not simply confined to a study of the decisions which were or were not taken but, more importantly the way in which systems operate to prevent an issue arising or being pursued.

In order to obtain the full picture of the way in which power operates, Lukes (op. cit.) argued that the notion of power in the second dimension must be superseded by a radical view which tackles the exercise of power in a further dimension - where the latent power is exercised to prevent a grievance ever arising. In effect such a concept, focusing on what is prevented and does not occur, is extremely difficult to measure. Lukes (op. cit.), however, concluded that a study is possible and cited a study of air pollution in the US by Crenson (1971). He studied the emergence of air pollution legislation in a number of US states and discovered that legislation occurred much sooner in some cities than it did in others. Crenson (op. cit.) argued that the reason for this was that newly formed anti-pollution

groups found it easier to engage the political process in some states than in others. Moreover, he identified this process by the relative latent power that the formal decision makers attributed to industrial interests in the state. For example, a large US steel company was able to delay the adoption of pollution legislation in several states and to influence the structure of legislation when it was adopted.

This was achieved without any direct participation in the decision making process. Crenson (op. cit.) concluded that the reputation for power in the company was enough to influence the political debate without direct intervention and that this constituted the exercise of power without activity.

Drawing extensively on this view, Lukes (1977) identified several difficulties with his analysis of power in the third dimension but stressed that these are not insurmountable. Firstly, whilst the interests of the populace are fairly clear and indisputable in relation to air pollution, few issues are likely to be as clear cut as Crenson's (op. cit.). The scope for determining the interests of a group are much more likely to be subjective and as a result it may be difficult to establish where latent power has been exercised. There is also the difficulty of why, if latent power is acting against the interests of the populace, measures are not forthcoming to protect their interest and bring the decision making processes into the observable second or first dimensions (where power is accountable). Lukes (1977) argued that the populace are prevented from acting in their own interests because of the process of 'ideological hegemony'. This process, which was identified by Gramsci (1971), results in the dominant group within a society being able to instil the prevailing ideology to the

subservient group so that, in time, the latter come to embrace the ideals of dominance. Lukes (op. cit.) illustrated his proposition with examples from the Indian caste system in which lower caste members were prepared to adopt the aspirations of a higher caste even though to do so is theoretically forbidden by their own caste structure, 'Sanskritisation' (p38).

The practical difficulties of measuring a concept rooted in activity by far outweigh all the others. Lukes (op. cit.) concept of power is based on the suppression of views and the process of inaction which may even be unconscious. He addressed this difficulty in stressing the causal relationship between inaction and the non-appearance of a political event arguing that inactivity can be identified in tracing processes historically from when an expected political outcome failed to materialise. As for unconscious inactivity, Lukes (op. cit.) argued that the role of political structures in a non-decision needs to be separated from intentional action. He cites the debate between Poulantzas (1973) and Milliband (1973) which discusses whether the primary determinant of latent power is structural (the state) or intentional (the class). Poulantzas (op. cit.) argued that outcomes can be confined solely to the inter-relation of structure, whilst Milliband espoused the view that social groupings and not structures, determine outcomes and criticised Poulantzas (op. cit.) on the grounds that his

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*"structural determinism essentially creates a different view between the state, and the institutions within it"* (op. cit. p136). Lukes (1977) appeared to support Milliband's (1973) analysis which, in stressing that an analysis of power is useful only where the responsibility for an outcome can be identified, claims that the social groupings and not structures must be the focus for a study of latent power.

## **Power Theories and Industrial Relations**

These theoretical frameworks of power relations have been applied, to differing degrees, to the relationship between employers and trade unions. Kirkbride (1984) in his article on power attempts to apply a multi-dimensional view of power to the industrial relations environment by studying the outcomes of decision-making in the context of collective bargaining. The study focuses on both the study of outcomes and environmental factors in an analysis of power. In his study of the one dimensional view, Kirkbride (op. cit.) describes those commentators who believe that power can be determined by the extent to which one party to the negotiations can secure their aims over the other. Power is determined, therefore, in relation to those activities which influence the degree of success in negotiations directly, such as union density and prevalence of strike activity.

### **Pluralist View**

The pluralist view in industrial relations has attempted to assess the primary determinants of union power solely in the first dimension of power (the formal bargaining process). Different pluralists have stressed the importance of single factors influencing success but a lengthy critical analysis by Martin (1986) suggests that the notion that there is one indicator of union successes in collective bargaining is misguided.



Flanders (1965) suggested that the key determinant of trade union power was union density, arguing that the higher union density was the more powerful the union. Since density is in no way an accurate indication of the degree of union activity this view has been criticised by Martin (op. cit.) amongst others. High union density far from guaranteeing lots of union activity may, ironically, suggest less activity. Unions may become complacent and inactive or may choose to concentrate on areas where density is lower seeking to increase the overall level of membership.

Closely allied to the work of Flanders (op. cit), Hines (1964) suggests that the key way in which union power can be assessed is in the rate of change in unionisation. Again Martin (op. cit.) is critical, this time because he claims that the rate of change in unionisation is not linked to bargaining strategy or earnings. Whilst one would expect individuals to join where a union was effective in negotiations, it is clear that the individuals may choose to free-ride when the union is effective, choosing not to join because they perceive no individual advantage in doing so. Similarly, individuals faced with ineffective bargaining may choose to join the union on the grounds that they will be better protected as individuals if a hard-line in bargaining by the employer signals the need for job losses in the future.

Other pluralist analysis focuses on strike activity as the key determinant of union power in negotiations. However, strikes may be more likely when management are confident that they can withstand them as well as when unions are confident that they are in the stronger position (strikes are probably most likely when both sides are confident of victory). Martin

(op. cit.) criticises the focus on strike activity at the expense of other industrial action, such as overtime bans and working to rule etc.

He also suggests that analysts, like Clegg, (1976), who look to the result of strike activity may reach unrepresentative conclusions because the determinant of power is identified within a specific time period and not examined in the long term. As a result, the analysis may ignore longer term factors such as the concept of a party strategically losing a strike in the short-term in order to place themselves in a better position in the long term. The short-term focus may suggest a different distribution of power than the longer term outlook.

In a study in the US, Bachrach and Lawler (1980) attempted to link trade union power to the bargaining tactics adopted by the union negotiator. The study examined how bargainers evaluated their own power, considered the likelihood of it having to be used and attempted to anticipate the bargaining tactics adopted by their opponents. Similarly, Abell (1975) attempted to measure power through successes in the formal bargaining arena by focusing on the perceptions of those directly involved in negotiations. However, he was forced to admit that any model focusing on the degree to which demands are met is likely to ignore the intricacies of the bargaining process in which the true aims of bargainers are shielded behind rhetoric and claims, where goals are attained at a sacrifice during the bargaining process. Martin (op. cit.) is critical of the studies, suggesting that a focus on bargainers may be misleading because bargainers rarely, if ever, hope to achieve a claim in full and will always seek to justify the outcome of bargaining in terms of having achieved their

objectives. Industrial relations, like politics, is a victim of a culture which places an emphasis on "selling" a deal or putting "spin" on an outcome.

Having identified the arena and main proponents of a single dimension of power in industrial relations, Kirkbride (1984) argues that an analysis of power which focuses on successes in bargaining is insufficient because it fails to address adequately the win/win outcome which accompanies the vast majority of collective bargaining. The pluralist analysis is restrictive because it fails to consider the depth or scale of a single successful outcome focusing purely on quantitative indicators. Kirkbride (op. cit.) notes that, in reality, a single victory in pay bargaining may be a more reliable indicator of power relation than several failures in negotiating car parking facilities and questions the validity of a measure which attributes a similar level of importance to both outcomes.

Kirkbride (op. cit.) has more sympathy with the two dimensional view of power which focuses on control of the bargaining agenda. He is supported by the study of the coal industry conducted by Christine Edwards (1978) which indicated that managers placed great emphasis on being able to control the 'mobilisation of bias' on issues and in doing so determined the bargaining agenda. Edwards (op. cit.) champions the view that focusing exclusively on observable behaviour may seriously underestimate the ability of dominant groups in our society to get their own way. She quotes the analysis by Fox that *"it is precisely in the power relationships where power disparity is greatest that its active exercise is least necessary"* (1976 p127). Edwards (op. cit.) found that there were a variety of ways in local negotiations in which power was exercised to prevent items being

discussed at the bargaining table. She cited the fact that unions did not raise matters which they knew had been turned down in the past and the fact that neither local managers nor unions became involved in decisions which were the recognised prerogative of those further up the respective hierarchy. Edwards (op. cit.) concluded that resolution of conflict through the exercise of bargaining power, which she defined as a situation where the issue is resolved at the expense of one of the parties, was a relatively rare occurrence.

## **Social Theory**

Kirkbride's (1984) own analysis of power focuses on the social and cultural processes that surround collective bargaining as the primary determinants of bargaining power. He identifies two determinants which can influence the outcomes of bargaining in the first and second dimension of power - rhetoric and culture. Rhetoric can have a positive impact on union power in clarifying arguments and, in so doing, influencing the degree of legitimacy and support which the union can muster. Similarly, managers use rhetoric to shore-up and advance their own power and legitimacy, primarily through the concepts of managerial prerogative and economic efficiency. Cultural factors are also likely to influence power relations. Kirkbride (op. cit.) highlights the relationship between the subordinate and the superior as a key determinant of union and managerial power. Using international and historical data he concludes that individuals are more likely to disagree with their employer in large factories, where the relationship between a manager and the subordinates is less close than in a smaller workplace. He cites the history of what he calls '*conflict preference*'

(Thomas 1997), how ingrained confrontation is ingrained in organisational culture, as being an important factor. Kirkbride (op. cit.) concludes that the key factors of rhetoric and culture are the subtle processes by which power is exercised during collective bargaining. In modern collective bargaining neither managers or employees have a direct interest in mobilising their resources throughout the bargaining process, so the key to success is the strength of argument and the degree of legitimacy which can be promoted by either side. Kirkbride (op. cit.) suggests that only when the mask of the bargaining process slips is the overt exercise of power necessary at all. Power it seems is, for the most part, only exercised on the peripheries of the bargaining structures.

Kirkbride's (op. cit.) argument that power is essentially a feature of social and cultural determinants finds some degree of support in the concepts of organisational development and human resource management which place particular importance on cultural change and shift and on the language of bargaining. Kirkbride (op. cit.) might argue that the rhetorical phrases such as "downsizing", "empowerment", "team working" and "consultative bodies" are in fact subtle manifestations of power relations being exercised in the bargaining forum. Whilst at first glance Kirkbride's (op. cit.) emphasis on secondary or indirect factors being the primary determinant of power relations may seem to echo Lukes' (1977) emphasis on power, in the secondary and tertiary sphere, the theories are different. Whilst Lukes (op. cit.) concentrates on the way in which power is exercised in different spheres of activity, he nevertheless attaches overwhelming importance to exercising power either directly or in the primary or secondary dimension. In contrast, Kirkbride (op. cit) concentrates on the

bargaining culture as being the major determinants of bargaining parameters, and therefore power.

The importance of cultural and rhetorical factors as major factors to be mobilised in opposition to change is a well-documented argument particularly from UK manufacturers driving change on brown field sites. A paper by Bernard Preston of Rolls Royce (1996) clearly demonstrates the emphasis that the company placed on cultural change as a prerequisite to improvement in business practices, reduction in staff numbers, new individualised pay structures and reform of the trade unions - all clearly symptoms of change in the bargaining power relationship. Preston (op. cit.) is keen to contrast the requirement to change culture at the Rolls Royce site, from a standard hierarchical model to a team based system with the practice of Nissan who on opening their Washington site immediately introduced a team-based culture.

In bargaining, the importance of legitimacy is demonstrable in the methods which bargaining parties employ to persuade their members or employees of the merits of the case. This pitch for support often culminates in a struggle for the support of employees in a ballot on the proposals or on measures to oppose them. The battle for legitimacy also stems outside the bargaining framework when parties launch appeals on issues to the wider public. Huge importance is attached to winning public support for one of the partners involved in bargaining. The huge publicity campaigns launched by workers in dispute with their employer (such as those of the Railway Signalmen or Post Office staff two years ago), the presence of the General Secretary of the union and his opposite number in the Company on

the *Today* programme or television and articles by Companies and unions involved in disputes in the newspapers, all indicate the importance of winning the public's support.

However, despite the persuasiveness of the argument and the ample empirical evidence of firms seeking to change organisational culture and drive change in employee relations securing legitimacy for their proposals, there are several difficulties with the Kirkbride (1984) model. Firstly, social determinism places undue importance on the bargaining whilst ignoring other factors which may have an impact on power relations. The model does not account for the impact of external factors such as unemployment or internal factors (such as the level of union membership), both of which may have an impact on bargaining power. Moreover, the cultural emphasis appears to ignore the possibility that culture and rhetoric may be a symptom of power relations as opposed to a determinant. In other words, the change driven in culture pursued in the late eighties may reflect wider changes in power relations in bargaining which allowed managers to pursue a programme of change. Finally, the model places emphasis on the bargaining cultures as opposed to the bargaining itself. It appears to down play the fact that bargaining cultures form the parameters for decision making but decisions are still taken within these frameworks. The evidence presented by Kirkbride (op. cit.) does not include a study of decision outcomes in a variety of different bargaining cultures and it is difficult to ascertain the degree to which the conclusions of bargaining can be held to be determined by the prevalent culture. Kirkbride, (op. cit.) in stressing cultural determinants and social processes, neglects the determination of power in the first and third dimension. He comments on the determination of the bargaining agenda but fails to explore circumstances where overt or latent power is exercised. The

investigation by Kirkbride (op. cit.), in contrast to, that of Lukes (1977), is a more thorough examination of power determinants in a narrower field.

Secondly, there are several difficulties with the emphasis on the importance of legitimacy. Securing the support of employees or members is obviously a key indicator of power but begs the question as to the degree to which power is exercised in attaining support and the degree to which it is exercised subsequently. The degree of support amongst the membership for a strike is one factor in its success but there have been several examples of disputes which have been well supported by members (Wapping, P&O, Burnstalls, for example), that have not resulted in a victory for the union. Similarly, disputes in which the public has expressed a strong degree of support for the union, for example support for the nurses action against local pay bargaining or support for the miners struggle against pit closures, have still proved unsuccessful. Similarly, public discontent with the strikes by the teachers over the national curriculum did not prevent the union from securing fundamental changes in workloads. Moreover, approaches to the employees/members and the public may be conducted for a number of reasons that may influence the conduct of a dispute but are not in themselves related to the outcome. For example, a range of communication may be applied to securing support for an issue on which employees have only very limited impact - such as human rights abuses in Brazil. Likewise, public support may not be aimed at support (and power) per se but on a financial impact on the decision making process, or a way of persuading or dissuading the Government (or other external sources of power) from becoming involved.



Finally, the social analysis focusing as it does on bargaining culture and the importance of legitimacy, does not adequately address those situations where the parties to bargaining agree measures to change culture or structures and do not struggle to secure support amongst their employees or members. In recent years, for example, bargaining partners have been supportive of joint initiatives on training such as the National Education and Training Targets or the TECs in-work training programmes whilst the employees/members and the public have remained broadly sceptical or apathetic in relation to these initiatives.

### **Environmental Determinism**

Whilst Kirkbride (1984) focuses on cultural determinants of power in bargaining, others focus on the environment in which bargaining is conducted. In the US, Mishell (1986) suggests that union wage gains are greatest where a discretionary pricing power enhances the company's ability to pay higher wages. For example, in a situation where there are entry barriers to a concentrated market with low import competition prices can be raised and demand is relatively inelastic. He also highlights the importance of high union coverage, centralised collective bargaining and the avoidance of union fragmentation. The key concept of Mishell's (op. cit.) argument is that unions must be effectively organised to take advantage of a permissive economic environment. He draws heavily on a study by Craypo (1981) in which it was argued that unions were not all in a similar position to take advantage of favourable economic conditions and that there were three key determinants of union power: the degree of union organisation, a sufficient degree of centralisation in bargaining and the elimination of competition for members.

Drawing heavily on bargaining and behavioural theories, Martin (1986) produces a complex matrix to measure power within an industrial relations context. He places the study of power firmly in the bargaining context of bilateral monopoly theory outlined by Hick's in "The Theory of Wages" (1932) in which the bargaining agenda is confined to the zone between the maximum wages that a union can demand before a trade off between wages and jobs, and the minimum wages that a manager can pay and still recruit and retain staff. Having set the parameters of the study, Martin (op. cit. seeks to measure it through monitoring the behaviour of the parties in collective bargaining, drawing on the work of behavioural theorists like Chamberlain and Walton. Martin (op. cit.) recognises the limitations of investigating power through observable behaviour in a bargaining arena where bargainers are unlikely to ever truly reveal their true goals or an objective assessment of bargaining successes. In order to take account of these difficulties Martin (op. cit.) examines power as a feature of the degree of interdependence which he claims can be measured in relation to observable behaviour. This is on the understanding that, where one party is entirely reliant on the other for success, then that party is not in a position of much power. For example, where a union is wholly reliant on management to participate in the bargaining agenda at all (for recognition for example), that union is unlikely to have much power / success at the bargaining table. Similarly, a firm wholly dependent on labour turning up to work for its economic survival is likely to be vulnerable to demands from the workforce.

Martin's (op. cit.) proposition rests on the assumption that management will need labour and that labour depend on management but he recognises that this relationship will vary over time. The factors which influence the degree of dependence are those that determine how power is exercised. Martin (op. cit.) claims that the key determinant of the degree of dependence is the bargaining environment. He identifies a series of environmental factors, labour market conditions, economic and political and social and cultural issues all of which, whilst not determining the power relationship per se, provide the resources by which bargaining parties can mobilise their latent power and exercise it overtly. Resting his premise on environmental determinism Martin (op. cit.) argues that his analysis applies to both power exercised in the formal context, the first dimension and power exercised through the process of non-decision making in the second or third dimensions.

Having identified the key environmental factors Martin (op. cit.) then takes his analysis further and deconstructs each factor into a series of elements. For example, he suggests that the economic environment affecting bargaining will be dependent upon the state of the product market, level of demand, degree of competition, company ability to pay, profitability and type of product / perishability. Martin (op. cit.) argues that unions will have more scope to exercise power in a tight labour market but that the skill levels and occupations of the workers involved will also be important. He draws attention to the size of the employment unit, degree of technological innovation and whether the operation is capital intensive, the level of productivity and the payment systems (which may influence a collective or individual outlook amongst workers).

Similarly, the non-economic environmental influences on bargaining are also deconstructed into factors such as the political environment, judicial context, media and public opinion and with reference to Lukes' (1977) radical definition of power based on inactivity, the prevailing ideology. Martin (1986) notes the development of HRM as an important factor, for example, in that it may lead to workers to identify with capital and see fewer common goals with other workers.

Martin (op. cit.) is critical of pluralist power theories which identify a single factor as the primary determinant of power relations in bargaining. From emphasis on the labour market to championing of the rate of change in unionisation, Martin (op. cit.) consistently challenges the analysis and the focus of single determinant power theories. As a result he produces a complex matrix of influences detailing the key determinants of power relations together with the degree of inter-dependence between them. The factors he identified as having an impact on these determinants mean that his proposition is much more complex than a theory emphasising a singular determinant. Moreover, the recognition of factors which directly influence bargaining, (such as the size of plant) combined with factors which have an indirect impact, (the operation of the labour market and ideology) means that the analysis transcends the differentiation between the three dimensions of power.

However, perhaps the complexity and coverage of the model is ultimately responsible for its failure to contribute to furthering the study of power relations in collective bargaining. In basing his model on the identification of several key environmental factors and sub-factors Martin's (op. cit.) proposition runs into difficulties when he comes to apply the model to a

real bargaining environment. As a result, he was obliged to study the model through a series of case studies in a series of different bargaining environments and to compare outcomes. Martin (op. cit.) then used this to assess power relations. Given the complexity of the model and the emphasis that Martin (op. cit.) had placed on the separate impact of his range of determinants, it could be seen as a significant weakness in the study that he failed to create a model which could be applied in practice to a bargaining situation where power could be quantified. Instead, Martin (op. cit.) goes on to apply a different technique for investigating power from the one based on the model he has constructed.

Martin (op. cit.) went on to conduct three very general case studies in different bargaining environments, a poorly organised and fragmented hotel and catering organisation, a traditional manufacturing plant with a shrinking product market and a local authority where he identified the union participation in the political process as a key element in the preservation of national bargaining. As a result of the studies, he concluded that unions would develop in three different ways in response to different bargaining environments. Where the union was poorly organised in small workplaces, it would concentrate on individual recruitment initiatives offering individual services and discounts to individual workers and by playing down a collective role. In manufacturing plants, faced with the shrinking product market, unions would shift their focus to recognise their dependence on management for work and so a shift in power relation would herald the development of single company unionism.

Finally in the public sector, unions would exert their strong membership base and political influence to emphasise their collective role and defend national collective bargaining. As a result there would be an increasing gap between developments in the public and private sectors.

Whilst Martin's (op. cit.) is the only model which attempts to transcend a study of power in different dimensions and takes account of structural and environmental factors, the thoroughness of the analysis leads to a model of great complexity and one which even Martin did not attempt to apply in anything other than an indirect and general way. There are many environmental factors to consider and measurement is difficult given the broadness of the categories and the concepts involved. The various determinants are extremely difficult to measure particularly where they are inter-related such as the political environment and the labour market in which bargaining takes place or where the impact of a factor may be to both increase dependence in one sphere and lessen it in another. For example, a large pool of unemployed workers may undermine the union position in bargaining in the short-term but in the long-term the inability of the unemployed to compete effectively for jobs due to skill shortages, for example, may place the union in a stronger position.

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Nevertheless, when confronted with these problems Martin (op. cit.) attempts to analyse power relations through a behavioural model based on case studies which inevitably fail to provide a tool subtle enough for the myriad of inter-related factors which influence power in anything other than the broadest terms. The absence of a more sophisticated measure

suggests that for all the thoroughness and care inherent in the analysis the proposition is unworkable in anything other than its broadest terms.

Martin's (op. cit.) model also suffers from difficulties in that the determinants are not weighted and so the model gives equal importance to clearly unequal factors such as the media and company ability to pay. Whilst it is clear that factors such as the media, operating in the third power dimension, is relatively less important than company ability to pay (which has a direct impact on the first dimension of power, the formal bargaining process). The model also neglects to consider circumstances where the importance of factors changes at a particular time. For example, legislation may increase the impact of the judiciary in the short term but the model does not explain the circumstances which determine the relative importance of factors or the relationship between factors which may influence power over a given period.

## **Summary**

Despite the serious problems with Martin's (op. cit.) model it remains the first realistic attempt to assess all the determinants of power in a bargaining context. He has effectively taken the three dimensions of power identified by Lukes (op. cit.) and applied them to his own framework in which power is exercised - economic (operating in the first dimension), institutional (operating in the second) and political (operating in the third) from which a wide variety of sub-factors stem. It is a full and comprehensive study, the most important criticism of which is that it was never applied to a study of power relations in anything other

than a general way. Nevertheless, the analysis remains a useful reminder of the different dimensions of power within bargaining and the environmental determinants of that power.

In constructing a comprehensive analysis of the factors and sub-factors which determine power, Martin's (1986) analysis is a useful basis from which to construct a model for the study of power relations within the bargaining framework. In effect, he has provided us with a key to unlock the study of bargaining power even though he chose not to venture outside.

The complexity of the model illustrates that the study of power is complex and difficult. As well as paying particular attention to the type of power being measured (latent or overt) and the dimension in which it is exercised (first, second and third) the analyst must take account of a variety of determinants. The model will be complicated not only because of the number of potential determinants but also because of the way in which they inter-relate to extend or constrain the impact of other determinants and the degree to which their impact may be inconsistent. Given the complexity involved in a comprehensive study of bargaining power the best that any model can achieve is a robust model which approximates a measure of power with a degree of consistency over time. Since the aim of this thesis is to isolate the impact of trade union mergers on union bargaining power then the creation of a robust model of union power (which is outlined in Appendix 2) lies at the heart of this.

Having completed a comprehensive overview of the literature relating to both mergers and power theories the study is now well placed to link the two by researching the consequences of a union merger on the concepts of union power and how this can be



assessed. Before this is attempted, however, it is important to complete the framework in which this study will be completed by examining the historical context in which union mergers have developed over the last ten years. In studying recent mergers across the economy and with reference to sectoral developments, it is hoped that the study will be able to benefit fully from the research on the internal and external determinants of mergers that has thus far dominated the merger debate and to glean some indication of the environment in which trade unions have been operating over the last ten years.

#### **4. MERGERS IN ACTION - A REVIEW OF TRADE UNION MERGERS 1988-1997**

Union mergers have been a key factor of post war trade union organisation. Although there may be other reasons for a fall in the number of trade unions, mergers are far and away the largest determinant of the fall in the number of unions affiliated to the TUC. From a peak of 182 affiliates in 1962 the number has fallen to just 69 in 1994. The intensity of union mergers in recent times can be seen from the fact that in 1978 there were 112 unions affiliated to the TUC. Since the majority of mergers involve the amalgamation of smaller, mainly occupationally based or craft unions into larger more general organisations, it is not surprising that the degree of concentration of union membership within fewer unions has also accelerated. In 1993, just five unions accounted for over sixty per cent of the TUC's total membership. These were UNISON, the TGWU, the GMB, the AEEU and the MSF. Interestingly, these are all unions which have broken away from the narrow occupational make-up of their component parts to embrace the principles of general unionism, representing different occupational groups across a range of sectors, industries, or occupations. The GMB, for example has dropped the name General, Municipal and Boilermakers' Union since this no longer properly reflect its broader membership. The union is now known only by its initials.

Moreover, there is no sign that the trend in union merger activity looks set to decline. In 1998 alone two new unions, the Public, Tax and Commerce Union and the Communications Workers Union, both with memberships of over 150,000 have come into

existence as a result of mergers. The likelihood is that there will be still fewer unions, and a greater degree of membership concentration within them, by the turn of the century.

In their evidence to the House of Commons Employment Select Committee enquiry into the Future of Trade Unions (1994) the TUC stated that the savings associated with the more efficient use of resources and personnel together with the release of assets was a crucial determinant of merger activity. Certain union services, it was argued, could be provided more efficiently and economically to a large union membership rooted in a secure financial base. The TUC added that the hostile economic and industrial relations environment of the 1980s had exacerbated the trend in merger activities forcing unions to develop ways of consolidating and preserving existing members and deflecting attention from the recruitment of new members.

It has been decided to focus this study on merger activity over the past ten years. There are several reasons for this. Firstly the mechanism of a questionnaire survey supplemented with interviews is dependent on the responses of individuals directly involved in the trade union mergers and collective bargaining. It is reasonable to assume that the power of recall amongst respondents, combined with the turnover in practitioners in unions and employers, will make responses beyond this period unreliable. The natural capacity of human memory and the tendency to review developments in the light of current developments will adversely affect the quality of information provided by respondents outside this period. Secondly, there are considerable advantages in focusing on a period of consolidation following the dramatic changes in collective bargaining which preceded the political reform

initiated by the Thatcher governments. The diverse responses with which many unions met the challenges of the previous nine years might be reasonably assumed to have converged given that each sector would have had some direct exposure to changes in the bargaining environment. As a result the likelihood of arriving at conclusions with a more general application might be greater.

Finally, in focusing the analysis on 1988 and beyond, the thesis follows on directly from the period on which Buchanan (1981) and more latterly Waddington (1995) conducted major historical analysis of union mergers both of which have been considered. In focusing on the link between trade union mergers and waves of the economic cycle, Waddington (op. cit.) concludes his analysis in 1987. This affords the advantage that the thesis can concentrate on a period where the data is as yet unresearched and in so doing contribute to the wider debate both descriptively and through its conclusions.

The period covered by this study, 1988-97, has been a period of intensity for trade union mergers. Given the number of unions involved in, often several different, mergers (and the very different factors that can act to encourage involvement in the mergers), a short historical review of this period may be useful in setting this study in some historical context. The years 1988 - 97 will each be reviewed separately. The date on which a union merger is officially registered with the Trade Union Certification Officer, as opposed to the date a merger has been approved by union members, is the date of classification for the purposes of the review. On studying the types and scale of mergers over the decade it becomes clear that the growth in merger activity is not confined to those unions affiliated to the TUC but is

also reflected in a trend amongst non-affiliated staff associations and unions (and also, ironically, amongst companies). A table summarising union merger activity from 1988 to 1997 is set out in Appendix One.

### **Definitions – Union Mergers: Affiliations and Transfers**

Before we turn to a historical review of merger activity during the period under investigation, it may be useful to clarify the terms applied during this study and come to some common understanding as to what is meant by the term merger. Union mergers generally fall into three distinct categories, all of which are referred to in this document under the generic term 'merger'. In his latest work on union mergers Waddington (op. cit p3) defines a union merger as a "*combination of two or more unions to form a single union.*" In the process of the merger, at least one of the unions involved loses its independence and is subsumed into the other. When it becomes necessary to describe or classify the different types of merger the study will use the following definitions drawn up by the author. A merger involving two or more unions of a similar size and resulting the formation of a new organisation will be referred to as an 'amalgamation'. In this case, the component partners are required to wind up their old organisations and effectively reorganise themselves in a new structure. Each section of the partners' organisation will be directly affected by the union and the amalgamation will usually be identifiable by a new name being given to the resultant organisation. Those mergers involving a union between two organisations of different size where the smaller organisation is, in effect, incorporated into the larger are classified as 'transfers'. The smaller union transfers its organisation into a section of the

larger body. There is no name change and the move is usually preceded by a formal transfer of engagements. As we shall see, the impact of such a merger on the host organisation is usually limited to the area directly involved in the merger whilst the union transferring its engagements is either reconstituted as a part of the larger organisation or effectively preserves its identity as a component part of its partner. Mergers where the component unions organise to share services, office space and personnel, but where the partners preserve independent decision-making authority and a separate legal identity, are classified as 'federated'. The period of the study encompasses all the different types of merger activity.

The latter, which falls outside the strict legal definition of merger, is included in the study for three reasons. Firstly, a federation is often expressly presented by the partners as a response to the same pressures and an attempt to secure the same organisational benefits as a formal merger. Partners are on record as stating that the economies of scale attainable through a federated organisation are a way of delivering economies of scale and shared services for members whilst retaining political independence. Secondly, given this and because this study unlike Undy's (1981) investigates the merger process over the entire period (as opposed to the strict point of merger), the formation of a federated structure will have much in common with the process by which a merger is delivered from the negotiations which precede integration to the organisational reviews that proceed it. In the light of this, and with the focus of the study firmly on the impact of organisational integration on union power, it seemed as if there were more grounds for including the federated structure development than for excluding it. Particularly if, as the participants

claim, the federated structure is set to develop into the primary alternative to merger for small to medium unions.

Although the technical and legal differences between the different types of trade union merger are important, for the purposes of studying the consequences of the union their importance can be overstated. For an analyst focusing on how the merger develops in practice and what happens as a result of the merger, the definition of the type of merger will be less important in the investigation than the outcome. Commentators, like Waddington (op. cit) and Undy (op. cit), who are primarily interested in the motives underpinning a merger, will identify crucially different factors in the reasons for an amalgamation or the creation of a federated structure, as we shall see. However, power relations in an organisation post-merger are likely to be determined less by the framework in which the merger was legally completed than the degree to which the component organisations are integrated, share services and deliver economies of scale and the extent to which the merger facilitated a review across the new organisation. The balance of power between the parties is crucial in explaining post-merger developments because it will determine the extent to which the parties integrate to form a new, revised organisational structure or maintain the organisational characteristics of the partner unions. Similarly, the process and extent of the organisational review adopted post merger may also reflect power relations between the parties. These power relations and their effect on the organisational structure will have an important impact on the power and efficiency of the new organisation post merger which may be masked by an investigation rooted in Undy's (op.cit) classification of merger alone.

For example, where a large union merges with a smaller one it does not necessary mean that the larger body will control the integration of the smaller body (particularly when the smaller body is enjoying a healthy bank balance, growing membership or has been courted by several other large unions). Similarly, an amalgamation of two similarly sized union suggests a balance of power which may not reflect the economic reality in which one union may be on the ascendance and thereby come to control the structure of the new organisation whilst its partner is declining. As has been seen, any analysis of union merger based on the technical and legal definition of merger alone (which favours a snapshot study of the merger at the point of amalgamation over a study of the merger process which encompasses the preceding negotiations and organisation structure post merger. The former is likely to miss the political and organisational nuances which will determine how the merger is completed and thereby the consequences of the merger.

In addition to an assessment of the relationship between union mergers and union power the study also aimed to investigated the trade union efficiency reviews. These were organisational reviews, conducted during the merger process and aimed at improving efficiency within the merged organisation. Aspects of union structure were evaluated under the terms of a review to ensure that the way in which the union was structured and organised was efficient. The review was thereby a mechanism for eradicating historical inefficiencies from a new organisation. The review process, under which a study of the way in which the union was organised and provided its services was conducted by a working party reporting to the NEC, was a common feature of mergers. As a new union partner



joined or amalgamated with the existing organisation it was accepted that a project should be conducted to see that the structures binding the organisations were efficient, that the joint organisation would operate effectively and that any economies of scale would be realised. The study aimed to consider how the review was implemented and the degree to which efficiencies were delivered. Whether organisations also used the merger process to implement an efficiency review across a much wider range of the organisation (thereby using the merger process to facilitate a greater degree of change) or whether a regular review of services and structure was to be ongoing (by, for example, stipulating regular efficiency reviews in the new constitution ) was also to be investigated.

### **Union Mergers - 1988 to 1997**

The most important union merger completed in 1988 occurred in January when the ASTMS merged with TASS to create the Manufacturing, Science and Finance Union. The new union represented a wide range of members across diverse industrial and commercial sectors. The organisation represented workers in both the public and private sectors, in manufacturing and the finance sector, in research organisations and in engineering. The merger was hugely influential involving two of the TUC's largest affiliates with very different sectoral bases. The merger was also a tribute to the negotiating skills of the executive committees and full-time officials involved bringing together as it did two unions with very different cultures and political outlook. The merger had an impact outside the union movement, and on the Labour Party, creating as it did the fourth largest Labour

affiliate, and providing the new organisation with a degree of political influence that neither of the partners had previously enjoyed. Moreover, the scale of the merger which brought about the creation of MSF and the degree of re-organisation which this entailed did not prevent the union from pursuing an aggressive merger policy with a series of small, primarily white collar, non-affiliated organisations. A merger with the United Friendly Field Managers' Staff Association was quickly followed by a merger with the Imperial Supervisors' Association, representing junior and middle management at Imperial Tobacco. In November, the MSF attracted the Church of England Children's Society Staff Association into a merger.

Two other mergers aimed at consolidating union membership and exploiting organisational efficiency also took place during 1988, albeit involving far fewer members. In March, the union representing lecturers in Higher Education in Scotland merged with the Educational Institute of Scotland and so consolidated the union's position as the single representative body in Scottish Higher Education. In December, the Association of HM Inspectors of Taxes, representing senior civil servants in the Inland Revenue merged with the FDA which represented senior civil servants in all other Government Departments. Also, the union representing Greater London Local Authority Staff joined the Boilermakers' Union (now GMB) in September.

The other mergers which took place over the year fell into two distinct categories, those reflecting a merger between the companies or organisations in which their members were employed and those designed to facilitate organisational simplicity. A merger between the

Staff Associations representing members in both the Alliance and the Leicester Building Societies, was completed in June following the approval of a merger between the two employers. A merger between the staff associations representing members in the Gateway Building Society with the Woolwich followed the take-over of the Gateway by the Woolwich. The deregulation of the finance sector, combined with the opportunity for societies to offer a wider range of financial services and increased competition in the sector, led smaller societies to amalgamate as a way of preserving independence from, and competing with, the larger societies.

Mergers for purely organisational reasons occurred in January 1989 when, prior to transferring to the Manufacturing, Science and Finance (MSF), the unions representing Assistant Managers in the United Friendly Insurance Company merged with the union representing Divisional and District Managers. In August, the organisation representing administrative, technical and clerical grades in Yorkshire and Humberside Council merged with the body representing the manual workers. It is possible to see these mergers as a consequence of a new confidence amongst employers who were keen to drive change in the structure of bargaining through the initiation of single-table arrangements.

The key union merger of 1989 was the amalgamation of the Boilermakers' union and the white collar union, Apex, which occurred in January. This merger was not simply important because it represented a merger between a staff union and a large general organisation (albeit one with strong roots in occupational unionism) but also because Apex had rejected merger overtures from several larger white collar unions. The merger also signalled the end

of the Boilermakers' Union and in an overt rejection of occupational unionism. The general organisation was to be known simply as GMB.

Merger activity during the year was led, in the main, by larger unions absorbing smaller non-affiliates often tied to a single employer. Unions had accepted the rationale that, in the short term at least, it was economically more efficient to allocate resources to attracting other organisations than it was to recruit individual members or identify recruitment grounds in areas of growing employment.

Leading the way on this policy was the electricians' union (EEPTU) who were using their period of expulsion from the TUC to act as a magnet for small, white collar unions seeking the support of the larger organisation and keen to avoid links with a TUC affiliate. Many of these small unions were often in direct competition for members with a TUC affiliate and the expulsion of the EEPTU allowed it to recruit these organisations without falling foul of the TUC's Bridlington Agreement (designed to regulate inter-union competition for members). During the year the EEPTU absorbed five smaller organisations, the Association of British Professional Drivers, the MOD Staff Association, Springfields Foremans' Association, the Nelson and District Power Loom Overlookers Society and the National Association of Senior Probation Officers.

Other larger unions such as BIFU and the MSF were pursuing similar policies of trying to attract non-TUC affiliated representative organisations. In March 1989, the MSF compounded its amalgamation with the union representing the managers at Imperial

Tobacco by attracting the larger staff association representing all other employees in the company. In May, BIFU recruited NORSA, the organisation representing staff at the Northern Rock Building Society Staff Association, (and the subject of a case study later in this thesis). The non-TUC affiliated Federated Union of Managers and Professional Officers recruited both the Association of Scottish Local Government Directors of Personnel and the Greater London Senior Staff Guild (who were also representing members in local Government) during this period.

Mergers between trade unions during 1989 were reflected in a trend in merger activity by employers' organisations who, given the harsh economic environment and the decline in the manufacturing sector, were also under pressure to secure efficiencies through economies of scale. Two mergers of employers operating in Local Government occurred in the South West and the North East and the Rochdale Engineering Employers' Association joined the Engineering Employers' Association organising in the North West.

Many of the merger policies initiated in the previous year were carried over into 1990. In January, the EEPTU recruited the National Integrated Caring Employees organisation which was the first of some eight mergers with smaller organisations during the year. The EEPTU recruited non-TUC organisations representing members in the Fire Service, the Prison Service, journalism, film and television and manufacturing. Following the consolidation of its merger with Apex, the GMB began to attract other white collar organisations. It merged with the National Union of Labour (Party) Organisers in May and the Law Society's Legal Aid Staff Association in June. BIFU compounded its success in the

North East by recruiting the Staff Association representing employees at the North of England Building Society. The latter highlighting one of the problems inherent in a strategy of boosting membership through merger with smaller organisations as the employer derecognised the staff association when it transferred engagements. BIFU was forced to fight, (and eventually won), a lengthy battle for recognition rights. In August, the MSF diversified further by absorbing the Health Visitors' Association operating in the NHS.

In September, NATFE recruited the organisation representing Agricultural Education Staff in a fairly conventional sectoral merger whilst IPMS, traditionally a public sector union, recruited the union representing managers at Unilever, although once again, the transfer of engagements was met with derecognition of the union by the employer.

The two major mergers of 1990 were the merger between the railwaymen and the seamen to form the Rail, Maritime and Transport Union (RMT) and the merger between the footwear and knitwear workers. Both mergers were designed to consolidate the new unions' position as the central representational body within a given sector and provide a sound base for expansion. The formation of the RMT was completed on the back of huge financial problems in the Seaman's Union following a lengthy period of industrial action against P and O during which the union's funds had been sequestrated.

In 1991, the staff associations at the Nationwide and Anglia Building Societies merged following the merger of their respective employers.

During the year merger talks between the financially vulnerable NUM and the TGWU broke down following speculation that Arthur Scargill, NUM President, was demanding a prominent position with the TGWU in return for bringing his members into the fold. Moreover, a potential problem of union diversification was highlighted by the conflict of interest within the TGWU who already represented workers in the nuclear industry. The NUM, who continued to suffer financial pressures and membership decline well beyond the 1984/5 strike, eventually called off the merger talks.

In 1991, the formation of BECTU, from a merger between the technicians working in cinema and television and other employees based in broadcasting and entertainment, highlighted the continuing trend in consolidatory mergers between unions operating in the same sector. In September, the NGA and SOGAT merged to form a single union, the Graphical, Media and Print Union, in the print industry. It had been intended to create a single union representing all media employees but late on in the negotiations the NUJ opted to preserve an independent organisation. This followed a period in the late 1980s of very hostile employer activity in the sector culminating in exhaustive and costly industrial action at both Warrington and Wapping and the relocation of national newspapers out of Fleet Street where the unions had created a powerful organisational base.

Other unions continued in the race to recruit smaller unions and staff associations. The GMB attracted the National Union of Tailors and Garment Workers into the fold and IPMS continued their foray into the private sector with the recruitment the Staff Association at the

Potato Marketing Board. MSF merged with the staff association at the Australian Mutual Insurance Company and the EEPTU merged with the Colne and District Overlookers Association. Mergers also continued to affect the structure of employers' organisations. In August, a new organisation representing employers in all industrial sectors across the South East was formed.

The amalgamation of the engineers and the electricians was confirmed in May 1992, following a lengthy period of negotiation and complicated by the fact that the EEPTU was still exiled from the TUC. The merger, a classic case of consolidation within trades and across industry, effectively created the third biggest union in Britain. The merger did not prevent the EEPTU from pursuing its strategy of recruiting smaller, non-affiliate white collar organisations. A merger with the British Cement Staffs Association was completed in March.

In a relatively quiet year, 1992, only two other unions were involved in mergers. NALGO completed the organisationally logical move of merging with the Association of National Health Service Officers. NALGO already represented some staff grades in the NHS and the merger consolidated the union's position. The takeover of the Town and Country Building Society by the Woolwich was reflected in a merger between their respective staff associations in December.



A structural re-organisation of the British Furniture Industry Association in which regional organisations were brought into a single national framework accounted for four separate mergers amongst employers' associations during the year.

One significant development in November 1992, was the launch of the (previously discussed) federated structure involving the Society of Telecom Executives, the Communications Managers' Association and the Institute of Managers, Professionals and Specialists. The move, spearheaded by the IPMS, was designed to offer unions the opportunity to secure the organisational benefits of merger and still retain separate executive functions and policies. Services such as legal advice, membership records and research were centralised for all the unions with each partner retaining their own conference, executive and decision making machinery. 'The Federation' as it was called began to market the arrangement to smaller unions, TUC-affiliates and others, as an alternative to merger. In 1993 the organisation arrived at a pivotal arrangement with the Halifax Building Society Staff Association and in 1995 the FDA confirmed their interest with a provisional arrangement.

In 1993, the growth in merger activity amongst the trade unions culminated in the formation of UNISON from a merger between the public service unions NALGO, NUPE and COHSE, (famously described as a merger between COHSE, NUPE and NASTY by Chris Patten at the 1993 Conservative Party Conference). The new organisation which represented clerical, administrative and junior and middle management across local Government and the NHS was the first of the so-called "super unions". With almost 1.5 million members the

union easily became the largest union in the UK. Later in the year, merger talks between the two largest unions prior to the merger, the TGWU and the GMB, began (prompting speculation that union membership was to be concentrated into two or three "super unions" by the turn of the century). The talks between the TGWU and the GMB came to nothing however, and broke up a few months later.

The TGWU was involved in mergers with two small organisations, the Yorkshire Association of the Powerloom Overlookers and the Lancashire Box Packing Case Workers during the year whilst the GMB attracted the weighty membership of the Furniture, Timber and Allied Trades Union into its Construction section. The EEPTU Section of the AEEU continued to attract small white collar organisations and completed mergers with the Association of Staff of Probation and Bail Hostels, the Association of Preparatory Workers and the union representing employees at A. Monk and Company. In September 1993, the MSF merged with the Hospital Physicists Association and, in December, a merger was completed with the National Union of Scalemakers.

In 1994, in the finance sector, a re-invigorated Barclay's Staff Association was the only major non-TUC affiliate in the sector not to become involved in the Financial Services Staff Association Federation. (The Barclays' SA has since been re-named *Unifi* and has now affiliated to the TUC.) The FSSAF organisation, under the stewardship of the Lloyd's and National Westminster Staff Associations, was intended to become a focal point for the variety of staff associations operating in the sector. It would provide a forum for them to exchange information and launch joint campaigns. The initiative followed a period of major

job losses and the growth of casualisation, temporary and short term employment contracts, in the finance sector. The Clearing Bank Staff Associations have since opted to pursue a merger with BIFU to create a single trade union for bank employees.

The key merger in 1994 was that between communication workers employed in the telecommunications industry, represented by the National Communications Union and those working in the Post Office, represented by the Union of Communication Workers. The merger which created the 170,000 member Communication Workers' Union was completed in April. The new union quickly demonstrated the benefits of a single organisation representing the interests of employees across the industry when it launched a successful campaign to defend the Post Office from privatisation.

Merger talks between the two unions engaged in representing members in the higher education sector, the AUT and NATFE also began in 1995.

Later that year, the PTC (Public Services, Tax and Commerce Union) was created from a merger between the Inland Revenue Staff Federation and NUCPS, the union representing middle management in the civil service. The new union, with a membership of 170,000, was the product of merger talks across all the civil service unions which were intended to create a single union body for all civil service employees. This was prevented by a steadfast decision to preserve union independence by the executive of the CPSA and the decision of the FDA and IPMS to pursue the federal alternative to merger offered by the Federation.

The CPSA has since sanctioned its executive to open merger negotiations with the PTC union.

The announcements, in February 1996, that there was to be an initiative to afford employees in the finance sector a single representational body, uniting for the first time bodies affiliated to the TUC with those who were not, was greeted with some suspicion. A body, including representatives from large organisations such as MSF, BIFU and non-TUC affiliates like the staff associations in the High Street banks met smaller staff associations from insurance companies and building societies with a view to forming a single employee organisation in the finance sector. The move was undoubtedly a response to the severe economic and competitive pressure in which finance sector staff have been operating and a removal of the traditional differences between the services they are able to provide. The move was also an attempt to address the trend towards mergers between employers, banks and building societies in particular, within the sector. MSF are no longer engaged in discussions but BIFU and the staff associations in the High Street banks have announced their intention to merge and form a single union for representing bank employees in 1999.

### **Summary**

Trade union merger activity over the past decade has had two distinct patterns. On the one hand, amalgamations between major TUC-affiliates have resulted in large, sectorally-based bodies representing a large range of different occupation and grade of employee within a particular industry. On the other, a much larger degree of activity has resulted in large

unions, often TUC affiliates, merging with much smaller unions and staff associations (often based on a single employer and outside the TUC) to deliver a one-off influx of union members. The sheer scale of merger activity involving the transfer of engagements by one union to another is demonstrated by the fact these transfers outnumber the amalgamations between two or more unions by about seven to one.

It appears that we are no closer to employee representation by two or three "superunions" by the turn of the century. All the evidence points to the emergence of large sectoral or trade based union representation in areas such as printing, transport, finance and engineering. A single union representing an entire sector is large enough to attain economies of scale and yet specific enough in the provision of its services to provide meaningful support and tailored advice and guidance on the specific issues important to employees employed in that sector. Where unions are operating to represent employees in an occupation or sector not large enough to support a large union organisation the federal approach based on a cluster of unions with centralised services is being presented as a way in which some of the benefits of a larger membership can be realised without the loss of specialist representation and political autonomy. There is no evidence that unions are looking to create larger more general organisations or indeed that members want them.

Finally, given the intensity of merger activity within the trade unions, there has been relatively little merger activity recorded from employers' organisations. Although there have been some organisations like the British Furniture Association which has taken radical steps to change its structure, the majority of these organisations have not considered merger as a

way of improving services and securing membership. As a result, it may be fair to speculate that given that the organisational structures adopted by union and employer organisations is generic, a relatively high degree of structural and organisational inefficiency rests currently in the majority of employers' organisations.

Having constructed a framework for the study in which the findings can be assessed in relation to the academic literature on union mergers and the definition and determinants of union power, it was important to give some historical background to merger activity during the period under investigation so that the study could be placed in context. Given this has now been completed we are in a position to turn to the evidence on mergers and power generated by the questionnaire survey. The information submitted by respondents from trade unions that have been engaged in mergers will be considered separately from the responses submitted by the employers with whom these unions negotiated. The conclusions will attempt to draw out the common themes arising from the survey data which will then be compared and contrasted with that arising from the two detailed case studies. In the first instance however, we turn to a general overview of the survey.

## **5. MERGERS IN PRACTICE**

A brief assessment of the academic research on trade union power and union merger has highlighted the absence of any investigation that attempts to bridge two distinct areas of research and produce a credible investigation of the link between merger activity and union power. This becomes more interesting when, in the previous chapter, merger activity is placed within its historical context and it highlights the intensity of union activity in this area. It suggests an ongoing commitment to merger amongst larger unions in particular, to combat a decline in union membership and to open new, developing areas of employment to collective bargaining. The summary of the academic literature reveals a gap in the current research available and the historical overview justifies the pursuit of this investigation given unions propensity to merge. Both the academic and historical context of this study are useful in mapping the terrain of my investigation and placing it within the appropriate framework.

It is now time to turn to the evidence uncovered in this investigation and to collate the findings into a meaningful assessment of the relationship between mergers and power. The evidence will be presented in three separate sections. A general overview in which the general findings will be presented will be followed by a more detailed study of the private and public sector in the following two chapters. The overview will be useful in drawing out some key themes on bargaining power and mergers. However, whilst the impressions of employers and unions operating across all economic sectors will prove valuable in defining some general conclusions on union power and mergers these overall impressions risk

masking some of the sector specific differences which may have a distinct impact on the study. For this reason chapters six and seven consider in more detail evidence collected from unions and employers operating in the private sector (including the newly privatised utilities) and in the public sector (including voluntary organisations). The private / public sector division is justified on the grounds that separating the key findings will assist our understanding of prevailing determinants of both union power and propensity to merge. For example, the impact of product markets, shareholder pressure, flexible working and union derecognition in areas of the private sector can be investigated. In the public sector, the impact of factors such as public spending targets, pay restraint, privatisation and Government employment policy can be assessed. In this chapter and chapters six and seven, the aim is to draw out general themes on union power and union mergers in the context of previous research and then to expand on these with a series of observations in which the generalities can be considered against developments and trends in the economic sector and industry.

Whilst accepting that the context in which this study takes place is important, this is a secondary consideration when compared to devising a comprehensive and flexible method of research which will deliver good quality, reliable primary data. In this investigation a three pronged approach was applied. The evidence from a comprehensive questionnaire survey of employee relations practitioners was supplemented with follow-up interviews and two case studies. General and sector specific findings are thereby available for comparison with the findings from case studies which are conducted over time and compiled from a standpoint not directly involved in bargaining. It is to the evidence collated from the overall



survey, however, to which we turn our attention first.

The questionnaire survey, conducted across all sectors and industries which experienced merger activity in our time frame, focused on key personnel involved directly with mergers or collective bargaining. The responses were supplemented with interviews which allowed practitioners to expand on their responses and address any issues not captured by the questionnaire. Representatives of both unions and management were surveyed so that the views of both sides of industry were reflected. Individuals were asked to recall their views and experience at the time of the merger and in the period since the merger took place. As such, the survey presents the perceptions of individuals working within the organisation as opposed to the development of the organisation as a whole. This is not necessarily a weakness of the research given that the way in which events pre and post-merger are perceived by practitioners is a valid source of information on the consequences of a merger. That said, the inclusion of case studies in the research has been designed to strengthen some of the conclusions arising from the investigation.

Overall, the survey concluded that there are several factors (eg. market growth, skill shortages, legislative regime) which mean that union power may vary between economic sector as was expected. In this sense the overview of the research may be seen as a “macro” level investigation of the link between power and mergers. (A “micro” level view of the finding at individual firms and workplaces will be presented when the different sectors and companies are analysed in the next two chapters and in the case studies.) Several trends can be identified in the responses that were received from employers and from trade unions.

Although there were identifiable discrepancies in the responses from different respondents reporting on the same merger, particularly in relation to collective bargaining outcomes, there was also a large degree of unity in the responses. The parties largely reinforced each other in their responses on the background to the merger and the impact that it had had on the structure of bargaining and facilities on offer. There was general agreement on the scope of collective bargaining and the issues subject to the bargaining process (if not on the successes of the outcomes). For the purposes of the study where employers and unions registered similar views this was held to validate the views expressed. Where discrepancies were apparent, or where the questions were only addressed to one of the parties, (as in the case of those relating to union efficiency reviews) this evidence was controlled by reference to external factors and developments by sector and checked in follow-up interviews with respondents.

## **Employers**

Amongst the 120 employers surveyed the overall response rate was 62%, of which 34% of respondents returned a fully completed questionnaire. Responses from public sector employers and private sector manufacturers dominated the survey accounting for almost 80% of responses. Just under 20% of responses came from private sector service employers, predominantly in the finance sector where the prevalence of Building Society merger resulted in a wave of mergers in associated unions/staff associations. There was only one response from a privatised utility, British Telecom. In the vast majority of cases the individual completing the survey was the person primarily responsible for collective negotiations within the company, for example the Personnel Controller, Employee

Employers across all sectors anticipated *several benefits from the trade union merger*. Most respondents, 56%, anticipated more stable *bargaining arrangements* resulting from the merger. Employers saw the merger as an opportunity to *revise bargaining structures* and to make them less complex and more streamlined. Whilst other reasons for supporting a merger were also cited as a potential advantage of union merger, none had the degree of cross-sector support of the potential for reforming structures. For example, employers were divided on the question of whether *union services* were likely to become more professional as a result of the merger. They were also divided on the question of whether unions were expected to pursue a *narrower bargaining agenda* post merger and whether this was advantageous or not to an employer. The chance to reduce paid time-off for employee representatives and facilities such as office premises and equipment was cited by several respondents as an advantage arising from the merger. Whilst the likelihood that there would be a reduction in the propensity to take industrial action following a merger or securing access to a wider range of cross-industry comparative data in bargaining, were not identified as potential benefits by any of the respondents. In summary, the primary benefit anticipated by employers following a merger was *the opportunity to reform bargaining structure* (along the lines, for example, of a single bargaining forum) which they suggested would make meetings more effective and improve the management of change. Stability in bargaining, through the opportunity to establish long-term working relationships with employee representatives, and the removal of complex, historical, bargaining arrangements were seen as the key potential benefits of merger. Employers also anticipated negotiating with *a more*

*efficient organisation post-merger* (a factor to which we will return in our assessment of the evidence on union organisational reviews). The emphasis placed by employers on the structural benefits associated with a merger can lead us to *conclude that the merger acts to complement other managerial initiatives designed to simplify collective bargaining - ranging from hostile steps like derecognition, to more positive attempts to reform the structure of bargaining like single table arrangements and joint negotiation*. The evidence on bargaining structures uncovered in the survey is complemented by the Workplace Industrial Relations Survey (WIRS) (Millward et al 1992) which identified a trend amongst employers in the late 1980s to move to less complex, single table bargaining arrangements or to arrangements with a single union which was, in general, resisted by trade unions. It is interesting that the employers view the merger as an opportunity to push forward the general pattern of change in bargaining structures.

Of the employers who anticipated any *disadvantage* associated with the trend in mergers, a fear of *the union becoming stronger and more powerful* was the most common. Just under 30% of respondents identified a potential increase in union influence as the most important potential drawback. Employers also feared the union becoming more professional after the merger, leading to a more effective union presence at the workplace. Given the importance attached to a potential increase in union power, it was interesting that only one respondent anticipated more industrial action as a consequence of the merger. Reflecting the responses on perceived benefits, the opportunities for greater cross-industry information or a wider bargaining agenda from the merged organisation were not viewed as important by employers. Employers did fear a greater distance developing between themselves and a

larger union and several cited the ability of the union to negotiate around company specific information and developments as a potential disadvantage.

Employers were divided generally on the *political implications* of a union merger. Over 50% of respondents expected the union to become less representative of employees at their workplaces as a result of the merger. Of these, around half cited this as the primary disadvantage of merger activity. It is difficult to reconcile this view with the view which arose from other employers who feared that the influence of full-time officials would diminish after the merger (and the opportunity for unrepresentative activists to secure some influence would grow) unless we account for inter-employer differences stemming from factors specific to their sector. Overall, however, only two respondents cited less shop floor involvement in negotiations as a potential drawback of mergers (and even then it was seen very much as a secondary issue). Twice as many employers feared a decline in the influence of full-time officials than feared a growth in their influence arising from the merger. Only one employer cited the devolution of power from full-timer to stewards as being the single primary potential disadvantage of the union merger whilst several others noted the issue without attaching a similar degree of importance to it. No employers suggested that a growth in the unions' political influence following a merger was a potential disadvantage and only two respondents feared that the merger might lead to an increase in legal action against the Company. As we shall see, the difference in responses concerning a potential growth in influence for the full time officials is explained by the bargaining framework and culture prevalent in different sectors. In some sectors, like finance for example, the format of negotiating is that the employer negotiates directly with a union professional representing

employees and direct shop floor involvement is minimal. In small manufacturers and printing firms the reverse is true.

It is perhaps surprising that, generally, employers do not perceive a larger union organisation as a barrier to communication with the workforce. The survey indicates that the opposite view may prevail amongst employers. The major concern appears to be that in *a larger union the officials will have greater areas of responsibility which they will find difficult to manage*. The survey suggests that, overall, the views of *full-time officials are more compatible with those of the employer than those of the local shop steward in the workplace*. In this respect the survey seems to confirm the claims made at the re-launch of the TUC in May 1995 (and developed by Taylor (1993) and Watson (1988) that union officials are moving towards a formal partnership with their employers. In doing so, it is argued, they are facilitating business objectives through the recognition that business efficiency and competitiveness is the best way of protecting their members jobs. The fact that some employers expressed a fear that a union merger would loosen the ties between the company and the local union official may suggest that the employer views the union hierarchy as being a useful ally in developing a joint approach which is not always shared by the shop-floor membership. Responses suggest that the views of officials, perhaps in contrast to those of stewards, are more reflective of those of the employer than of the workforce as a whole. These responses may give some weight to the view that the union official acting as “a manager of discontent” (Watson 1988) performs a useful function for its employer at the expense of the membership. That said, it is important to recognise that as noted in the responses there are strong differences between employers on this point

reflecting the differences in bargaining culture between sectors. Overall, however, the responses from employers suggest that the potential advantage of simplified bargaining arrangements is neutralised by a concern that mergers will lead to a less representative union in which local activists will have more influence.

As a group, then, employers expressed neither support or opposition to mergers. Where employers adopted a partisan stance on the question of specific mergers it was interesting that just over 40% opposed the merger whilst about 10% were supportive. This suggests that whilst the majority of employers were content that there would be a balance between the potential difficulties arising from the merger and the anticipated benefits. A significant minority, however, felt that the political implications of the merger were important enough to warrant outright opposition to the process. Interestingly, where employers identified a hostile attitude towards the merger amongst their workforce (this was present in about 25% of responses) they were more likely, in turn, to oppose the merger proposals themselves. Again, when we examine the responses by sector, we shall see a strong industrial determinant to employers' opposition to mergers.

In the view of employers, trade union mergers seemed to have little effect on collective bargaining following a merger. Trade union density remained at the same levels as it was pre-merger. (Eighty eight per cent of respondents claimed that the merger had had no effect on the level of union density in their organisation). Eight per cent of respondents indicated that there had been an increase in membership post merger and 12% recorded a decrease. These figures may be important given, as we have seen, that the level and density of union

membership are identified as an important factor in Martin's assessment of union power. If employers had recognised a positive correlation between union density this may have suggested that mergers, far from being a mechanism for increasing union power in the workplace, are a way in which unions have sought to consolidate their position and prevent further decline. Whether all the mergers in which a subsequent increase in membership would be classed by Undy as 'consolidatory' (i.e. one of the primary reasons for merger was to protect against an anticipated fall in membership levels) is difficult to say, but employer responses indicate that mergers can provide a useful springboard for future growth. In 12% of responses, however, the merger failed to consolidate the union's position and the decline, specifically in density and membership but also in influence by implication, was ongoing. This implies that in a significant minority of cases mergers cannot provide the consolidation of influence that is anticipated.

The limited impact of the union merger *on membership and density* may help to explain the marginal effect that, employers claim, mergers had on the scope of bargaining at different levels within the company. Only 20% of respondents reported that the merger had any impact on collective bargaining within their company. Where an impact was identified, employers reported that the merger had contributed to moves away from plant level bargaining and towards national level negotiations. No respondents claimed that the range of issues determined at plant level increased as a result of the merger, whilst about 10% suggested that it had decreased. A minority of employer respondents reported that the issues determined at company or divisional level had also increased. At national level, 5% of respondents recorded a decline in the range of issues discussed but 15% claimed that there



had been an increase. This goes against the trend identified in WIRS which reported a general move towards plant level bargaining. This may reflect the concern, highlighted by some employers, that the mergers transfer undue influence to unrepresentative stewards locally. In returning issues to the national forum employers might be hoping to protect bargaining from the newly acquired influence of local activists. The overwhelming majority of respondents (82%), however, suggested that mergers had had no impact on *the level at which bargaining was conducted*. This reinforces the view that mergers did not extend union influence (by facilitating a move away from local level negotiation) but preserved the status quo. Given that WIRS highlights a general move to local bargaining, the preservation of current arrangements may in itself represent an increase in union power.

Employers reported that mergers did not facilitate a change in the range of facilities offered by employers to the union post-merger. Unions were unable to maintain their level of facilities in any of the four areas listed (paid time off for stewards and lay officers, time off for union members, deduction of union subscriptions at source (check off), and office facilities for the union). Given the importance which unions attach to their facilities, particularly time-off arrangements, a decline in levels of time-off for lay officers and members must be seen within the context of declining union influence. At best, some unions have maintained their facilities according to employers. This may again demonstrate an increase in power because WIRS data indicates a trend in employers clamping down on time-off arrangements in particular and the withdrawal of check off facilities by some employers following the changes in legislation requiring membership authorisation has been reported. At worse, there were significant erosions in time-off and check-off

arrangements according to employers (although this may reflect the 1993 legislative changes as much as a decline in union power). The relationship between merged unions and the contraction of facilities will be examined further when we study mergers by sector.

The lack of impact on the level of bargaining within the organisation, noted by employers, is also reflected in of *the consistency of issues discussed* before and after the merger. In the vast majority of cases union claims across the full range of bargaining issues did not become more ambitious following the merger. Indeed in a significant minority of cases they became more moderate according to employers. Only about 5% of respondents reported that pay claims become more ambitious after a merger and only 10% stated that the union sought improvements in working hours. There was a little more ambition in union claims on managers' pay, training issues, equal opportunities, stress management and pensions. Around 20% of employer respondents claimed that these claims had become more ambitious or improvements related to these issues on the claim for the first time.

Nevertheless, in each case, 80% of employers detected no significant change in the way in which claims were presented or improvements requested. On average 15-20% of employers noted less ambitious claims, particularly in relation to working, hours, holidays, stress and violence at work, following the merger. Again the degree to which the increase or stability in the scope of a union's bargaining agenda will be investigated against the emerging trends in the sector since WIRS reports a contraction of the bargaining agenda in general. A failure to exploit a wider agenda may not illustrate a loss of power or influence it may demonstrate the opposite if it suggests that influence has been protected in an environment where unions

overall have suffered a loss.

Employers claimed that *the union merger had had no noticeable effect on the Company's aims, structure or performance*. In relation to each category all the respondents noted a lack of change resulting from the union merger. Only in the category relating to a change in the climate of collective bargaining were employers able to report that the merger had had some impact. Two thirds of respondents claimed that the bargaining climate had not been affected by the merger, whilst a third admitted that the merger had contributed positively to the climate in which bargaining was conducted. Given the emphasis that employers placed on dealing with full-time union officials, it might be assumed that this relationship is one contributory factor in this assessment. In two cases, wholly related to sectoral issues, the employer recorded that the merger had had a positive effect on the political environment in which the firm operated.

*Overall employers saw the structural changes which accompany a union merger as a positive development in industrial relations.* Employers were generally concerned, however, that a merger might place a greater degree of influence in the hands of unrepresentative local stewards by increasing the areas over which the official was responsible. Employers reported that the collective bargaining agenda had been largely unaffected by the trend in mergers with the exception of a move to centralise the collective bargaining structure in some companies. This may have resulted from attempts to maintain negotiating links with the union officials since it goes against the general trend in bargaining patterns identified in WIRS.

*Employers suggested that union mergers have left the negotiating process largely unaffected and the degree to which industrial relations systems have been unaffected by the mergers* implies that a merger consolidates a union's place in the bargaining process as opposed to extending influence and acting as a springboard for growth.

Overall, whilst employers may have an interest in interpreting the evidence on mergers to suit their own political interpretation of developments in bargaining, the variety in employer opinion recorded by the survey suggests a degree of reliability in the survey responses.

Moreover, and as we shall see, the responses do not show employers in a consistently favourable light. Since many of the responses related to perceptions and assessment, it seems that employers have replied to the questionnaire with a degree of objectivity. Since we are aware, however, that any questionnaire will be tainted with some subjectivity we turn now to the responses from trade unions so that we can make a balanced assessment of developments based upon the degree to which (and how) their interpretation of the evidence relating to mergers may differ.

## **Trade Unions**

The response rate amongst trade union negotiators was significantly higher than that from employers (sixty two per cent of those unions included in the surveyed responded and in 50% of cases the questionnaire form was fully completed). In almost every case the person completing the questionnaire had some direct knowledge of, or involvement in, the merger under investigation. The majority of those unions who responded to the survey had membership concentrated in the private sector. Around two thirds of respondents had a

majority of their membership employed in the private sector and one third of respondents represented mainly public sector employees. Of the unions working primarily in the private sector, the majority of respondents had membership concentrated in the manufacturing sector.

The responses received from unions indicated that the pressure to embark on a merger policy came from all sections of the union (including the general Secretary, the NEC and the activists) with the exception of the union membership and officials based in the regions. Regional officials were opposed to the merger in about 50% of cases perhaps fearing that the merger might have a direct impact on job security. Unions claimed that in about 40% of responses the merger was opposed initially by the union membership. In the partner union, the merger was supported by all elements of the union with the exception of the membership, which at its highest was split 50/50 on the issue. The responses show a high degree of unity amongst elements of the union hierarchy, the NEC, officers and activists in their attitude to the merger. Where the groups were less inclined to support the merger, the degree of inter-group on their position was far less. The support amongst particular groups was reflected in the amount of importance attached by the unions to particular parties involved in the merger process. Whilst General Secretaries, in particular, were rated as very important in the process (in 75% of cases) and were generally in favour of the merger, the impact of ordinary union members was not very highly rated and this group was, initially at least, more ambivalent to the process. In 50% of cases, respondents reported that the membership had played no part in the decision to embark on a merger. Such responses are not unusual. Given that merger discussions will often be quite advanced before the

proposals are put before the members it is likely that support for the merger within the hierarchy will develop well in advance of that in the membership. Members may not have access to the information (membership level, financial pressures, opportunities to recruit in new areas) which, as we have seen, can underpin the decision to merge. Moreover, members, particularly those with a substantial period of involvement in the union, may attach a great deal of emotion to the union organisation (name and structure, in particular) that is not shared its employees. (Given the number of employees and the increasing development of career trade unionism, the average length of service with a union as an employee is likely to be far less than the average period of membership (Watson, 1988). As a consequence of the way in which the unions are organised, the resources and policy which can be directed towards a merger may rest under the control of the hierarchy as opposed to the membership. The hierarchy, NEC, General Secretary and officials, will control the process by which any merger is to be conducted and implemented. The union hierarchy will conduct the negotiations with the hierarchy in the partner union. Only at the end of this process are the membership entitled to become involved directly in the process when they are given in effect the power of veto over the proposals. Up to this point there may have been little involvement by the membership. Not only can this lack of involvement from the membership translate into less support for the merger but because of this exclusion, latent hostility to the way in which merger has been conducted may be carried over to the new organisation.

That unions were influenced by a range of both internal and external factors in their decision to embark on merger was demonstrated, evident from the wide range of responses

on the background to the decision. The most important factor highlighted in the survey was a fall in *the level of membership subscriptions, which was rated as the primary influence on the decision to merge by over 50% of respondents*. A fall in subscriptions suggests a financial incentive to merge but it may also be indicative of a desire to merge as a way of protecting influence and status. The desire to exploit new areas of potential membership growth, as a way of addressing a decline in membership, was identified by a significant number of respondents as a factor underpinning the decision to merge.

*The need to grow in order to address rising expenditure and a sinking asset base were also identified as influences by respondents*. Some unions also indicated that the decision to merge was in response to external pressures such as the need to improve the bargaining structure, the need to attract a broader range of expertise in-house and, perhaps most interestingly, a response to employer pressure – a point to which we shall return later. Clearly, the major reasons to engage in mergers was not an attempt to extend bargaining power in the workplace as much as a pragmatic response to a range of financial and economic pressures and membership decline.

It appears that the process by which unions joined together to create a new or expanded organisation was broadly similar in each case. No formal moves towards integration were made prior to approval for the merger amongst the relevant membership group although the process of negotiation which preceded the merger meant that strong links between the partner organisations were already in place. The majority of respondents reported that the joint NEC and the new rule book/consultation were prepared shortly after the ballot on the

proposals. The decision to merge union services was also carried out shortly after the ballot by the majority of merged unions. Although there was less consensus on the timescale for establishing a joint head office and integrating the branch structure, the majority of respondents (67%) agreed that the joint head office was set up in three months of the merger whilst branch integration did not occur until some time in the medium term, between three and six months, after the decision to merge.

In contrast to employers who claimed that union membership has remained broadly stable since the merger, the *trade unions were split almost evenly on the question of whether membership increased or declined following since merger*. Such responses seem unusually candid for organisations that have traditionally presented merger as creating, if not opportunities for union growth, at least a strategy for halting decline. The opposing trends in membership may reflect directly the fact that, as we have suggested, the level of membership will be affected by several factors at any one time other than mergers.

Economic indicators, such as the level of inflation or wages growth, will have an impact at the national level but there is also a strong sectoral trend to patterns of union membership.

The WIRS study (1992) suggests that this may simply reflect trends in the employment levels in the industry. The decline in the membership levels in the printing unions and the growth of finance sector unions, for example, was almost entirely the result of sectoral growth or contraction. However, the trend in membership may reflect other patterns such as the careful policy of membership growth pursued by the GMB which may explain how they bucked the trend in membership decline suffered by other unions representing manual



workers. Union membership as a solitary indicator of either the success of a merger policy, or indeed an increase or decrease in union power, will be dependent on other, particularly sectoral, factors. The particular impact of sectoral specific factors is an issue to which we will turn in the next section of the thesis.

If the question of union membership is inconclusive, the evidence in relation to the union branch structure may be of more assistance. In the survey, union respondents were asked to list the number of membership branches (defined either by location or sector/occupation) that existed in the partner unions before the merger and which the new organisation had after the merger. The responses to the survey indicate that unions have failed to fully integrate their branch structures following a merger. Far from demonstrating economies of scale in a smaller network of bigger branches, the unions reported that the union post merger has largely preserved the branch structure which it inherited, or even in some cases (17%) increased the number of branches following the merger. This increase in the number of branches may indicate several developments. The union may have been forced to create more branches to place an influx of new members into the structure although this seems unlikely given the responses on membership stability or decline. Alternatively, the growth in branches may indicate that the same number (or fewer) members may be organised into the same (or a greater) number of branches. This may indicate that in a minority of cases, fewer union members may be being represented in a larger number of branches demanding funding and attracting significant secondary costs in terms of staff and administration. The branch structure might be one of the more obvious candidates for economies in the new union both to save money and to facilitate integration. It appears strange that unions have

not sought to integrate their branch networks more speedily. Alternatively, the increase in branches may be indicative of a greater spread of membership either across a larger areas, a number of sectors or a number of occupations. It might be inappropriate, for example, for the new organisation to organise managerial staff and employees in the same employer within the same branches and this may explain an increase in the number. However, around 33% of respondents reported that their branch structure had been curtailed after the merger, which suggests that some unions have been able to rationalise the branch structure to secure economies of scale. Fifty two per cent of respondents claimed that they had maintained the same number of branches in the new organisation as they had in two partner organisations.

Whilst trade unions are more likely to be funding a branch structure of the same size or greater than that which they inherited upon merger, most unions claim that there has been a significant change in the scale and quality of the services provided to members. All the union respondents suggested that the range of personal and financial services such as legal advice, car insurance and mortgages had increased significantly after the merger. The majority of respondents (78%) also maintained that they have been able to keep or extend the range and scope of issues pursued in collective bargaining post merger. Over 60% of respondents claim to have maintained or increased the number of full-time officers in the new organisation. An increase in the number of sponsored MPs, and greater involvement with the European Union (often demonstrated by the establishment of a European office or union staff based in Brussels) are also cited as benefits for members arising from the merger by respondents. Although the unions claim some success in extending their range of personal union services and political influence at home and in Europe, there is less evidence

that unions have been any more successful in achieving their aims in workplace negotiations post-merger.

The employer respondents broadly confirmed that the number of issues covered in bargaining has been extended since merger, but there is little evidence that this has been accompanied by more success in achieving their aims. Here the respondents report that they do not perceive any increase or decrease in effectiveness in bargaining. When we examine the evidence by sector we shall see that unions post merger have not increased wage levels for their members compared with unions operating in the sector that were not involved in a merger. Similarly, the evidence suggests that unions involved in merger were no more effective in opposing employer moves to reform bargaining structure that, as WIRS indicates, was a key managerial objective over the period. As has been noted, however, the fact that unions have not achieved notably higher degrees of success in obtaining bargaining objectives, like higher pay post merger, may not indicate that union power has remained stable or even declined. The maintenance of a particular level of achievement in bargaining may be indicative of an increase of power where the merged union has succeeded in maintaining the power relations against a hostile economic or legislative framework.

From the responses that unions have returned about the organisation of services and bargaining post-merger, one can argue that the benefits available to the union through realising economies of scale have been directed to extending power in the secondary and tertiary dimensions of power identified by Lukes (1977). (Although it may also be that changes in power relations in these dimensions are easier to identify because they are

subject to fewer external indicators.) Unions may have concentrated on delivery of a greater range of individual services to individual members or on extending their political influence at home and in Europe, by the sponsorship of MPs and the allocation of resources to political lobbying. The determination of a general cross-sectoral trend or change in power relations in the primary dimension of collective bargaining is more difficult to identify and to quantify given the impact of other factors. However, the responses which relate to the maintenance or extension of the branch network after the merger and the employment of more full-time officials does raise interesting questions as to the extent to which the potential efficiencies arising from a merger have been realised. We shall examine this matter further when we investigate the mergers, by sector, within their specific bargaining environment.

In addition to studying the general impact of trade union mergers on union power, this study attempts to determine the extent to which an efficiency review process, when associated with a merger, can secure efficiencies which may usually be attributed to mergers. An investigation of whether the merger process unfreezes union organisation, and in doing so allows reviews to deliver increased efficiency is a key component of this study. For the purposes of the study a review usually consisted of an exercise, sanctioned by the union hierarchy, in which a team of senior lay members and professional staff were obliged to conduct a review of union services and structures post merger. They were required to examine any opportunities for initiating cost savings, any chances of securing economies of scale and any changes which may make the new structure more efficient. At the end of their investigation the review team would present a report, usually to the NEC, in which case

they would recommend a series of reforms to union structure and organisation on the grounds of efficiency.

The NEC would usually endorse and authorise the changes. Although it was usual for the review process to be conducted in-house with a team appointed by the NEC from existing union members and staff, some unions appointed an external individual or body to examine efficiency in the new body. During the merger in the communications sector, for example, Lord Wedderburn was appointed by the union to recommend the way in which the new communication workers union was structured efficiently. The review process is essentially an audit of current structures, services and practices to see whether or not they are working efficiently and can be revised to work better.

*Overall, the survey suggests that union mergers are accompanied by a formal efficiency review in about 50% of the survey responses. Of these, in the vast majority of cases (around 97% of reviews) the review takes place within twelve months of the final decision to merge (reviews are concentrated in the first six months after the merger). Sixty per cent of respondents reporting a review indicated that the review process covered the entire organisation whilst in 20% of respondents the review was confined to the section of the union directly affected by the merger or transfer of engagements. This seems to suggest that the review process can be extended beyond the area of the organisation affected directly by the merger to cover the union structure in its entirety. In so doing, it may indicate that the merger process is a useful framework in which to introduce a cross-organisation efficiency review.*

In most instances, the responses indicate the review process is driven by the same elements as the merger process itself. In the vast majority of reviews conducted (97%) the terms of reference and the area of coverage were determined by the General Secretary of the union in consultation, to a greater or lesser degree, with the NEC. Whilst the General Secretary and the NEC indicate a degree of commitment to the review process (which, given their direct involvement in and sanction of the process, might be expected) the survey highlights that union officers at head office, usually those charged with conducting the review, also demonstrated a significant commitment to the review process. Over 60% of respondents indicated that union officers were strongly in favour of the review process.

Where respondents reported any opposition to the review process, this was said to emanate from regional officers of the union and from activists. However, only around 12% of respondents recorded any opposition to reviews at all and even those who did stopped short of rating it as outright opposition in their responses. Surprisingly, given that the union membership was identified as the group most likely to initially oppose the merger process in this survey, responses indicated that members were generally supportive of the review.

*The general support for efficiency reviews throughout the union was demonstrated by the degree of unity within each level of the union on their support for the review.* The National Executive and union officers were generally held to be united in their support, activists, who expressed some initial reservations, less so. The membership were broadly united in their support for a review. The degree of support for the review process throughout the union may be indicative of a genuine acceptance by the parties that in creating a new organisation

steps should be taken to ensure that it is structured efficiently. It is not surprising that the groups driving the merger process forward are those most united in their support for a review, nor that opposition is concentrated in those groups (activists and regional officials) who may judge have the most to fear from a process of rationalisation, such as a loss of influence or job security.

Given that the survey highlights a degree of support and unity around the review process, this may encourage the new organisation to initiate a wide-ranging review. It may also suggest that the review, with this degree of support and involvement from the union hierarchy, will have the status necessary to deliver real efficiencies and challenge any opposition to the process. Moreover, the survey of unions suggested that in 40% of responses reporting a review there are arrangements for the review to be to be ongoing. About 30% of respondents indicated that a review would be conducted every six months and 10% every 12 months. Almost 50% of respondents suggested that the reviews would be ongoing but conducted on an ad hoc basis. Of course, it may be that the way in which the questionnaire was structured, unions were encouraged to indicate that a review had been implemented and that it would be ongoing (particularly where this was said to be an ad hoc arrangement). In practice the review process, on which there were no questions from employers to act as a balance, may have been smaller and less formal than the responses have suggested. Interestingly, for example, there was not a single survey response which specified a single change in the structure or services provided by the new organisation as a result of the merger process. This is despite the fact that several examples emerged later in the study in post merger publications and in interviews. The responses on union efficiency

reviews have been subjected to a critical examination and where conclusions relating to the reviews are raised later they are done so when there is a specific example of the review's impact and not where the union simply alludes to an efficiency programme. Having drawn some general conclusions from the responses to the survey, it is now appropriate to delve a little deeper in order to explore the differences in the responses by economic sector.

From this brief overview of the general responses from employers and unions it is clear that the sector in which the parties operate can have a significant impact on the way in which merger activity can affect bargaining and union power. For this reason, whilst a general overview may be useful in providing a top-line indication of the overall consequences of an increase in mergers, the exercise is limited by the lack of a general application, given the strong internal differences in responses. Given that the consequences of mergers are largely dependent upon the sectors in which activity occurs it is appropriate to turn now to a more detailed investigation of union mergers, with particular reference to the economic sectors in which they have occurred and the particular developments within the industry or service which may have had an impact on collective bargaining in general and on the outcome of merger activity in particular.

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## **CHAPTER 6 - UNION MERGERS IN THE PRIVATE SECTOR**

I will now turn my attention to the more detailed findings on union mergers at a sector and industry level. Clearly, there are a number of factors which impact on the sector or industry, not least employment patterns and level of business, which have a fundamental impact on the outcome of a merger. In order to uncover the effects of a merger it is necessary to study mergers within the context in which they have occurred, both at the economic and industrial level. After a brief overview of the economic sector individual mergers will be studied within the context of relevant industrial developments and activity within that particular sector. I will begin with a brief assessment of the private sector in the period of the study before I move onto some consideration of developments in the primary private sector industries.

During the late 1980s and early 1990s the private sector was the focus of economic policy and activity. Government intervention was aimed at creating the conditions for private sector growth. Initiatives were launched to consolidate some of the legislative changes of the 1980s in relation to trade union power in particular and there was a much heralded drive for deregulation under which regulations and red tape were to be removed from private sector employers in a drive to enhance competitiveness. The latter combined with a strong Euro-scepticism in an attempt to shield the UK economy from regulation emanating from the Economic Union. Monetarism again formed the central strand of economic policy and the economy suffered a severe recession in the early 1990s which culminated in increases in male and female unemployment and economic inactivity

between 1990 and 1995. Employment in the private sector during the period became increasingly fragmented and there was a strong growth in part-time and casual employment. Employment levels in the private sector were also boosted by continued privatisation initiatives which brought a number of larger employers into the private sector. Social commentators noted for the first time the emergence of work rich and work poor households where better off families were increasingly working longer hours in a number of different jobs (typically in the emerging service industries) and work poor households rooted in unemployment and inactivity by an out-dated benefits system.

Against this backdrop developments in particular industries influenced the nature and effects of the general trend towards fewer, larger trade unions. Several of the mergers across different industries are examined below starting with the private manufacturing sector which, although, cushioned from some of the general trends in employment patterns in the private sector, was nevertheless significant in relation to merger activity during the period. After this other industries such as printing and finance and a couple of the newly privatised industries shall be considered.

## **Manufacturing**

In the survey on union mergers manufacturing unions and employers reported little discernible difference in industrial relations, other than structural rationalisation, arising as a result of mergers. The largest and most influential merger in manufacturing during this period was that which formed the AEEU from a merger between the engineers' union (the AEU) and the electricians' union (the EEPTU). The merger had been under discussion for

many years before it was finally agreed. The merger was formally sanctioned in 1994, and whilst there was general support for the merger amongst engineers, there was less support amongst the electricians. According to the survey responses, the merger was supported by the General Secretary and the NEC but opposed by union officers in the regions, activists and the membership in general. There was a great deal of debate prior to the merger within these groups and divisions on the issue at the NEC. In the end, the merger was spearheaded by the General Secretaries and the NECs, with the other groups, officer, activists and members, largely peripheral to the process. At the end of negotiations the merger was confirmed by a large 6-1 majority in both unions following a large campaign for the merger in both unions.

The merger was a classic example of Undy's consolidatory merger. Both organisations had been suffering a membership decline as the reduction of craft positions in manufacturing fed through to the unions. A large national structure and a lot of property throughout the country was imposing severe financial pressures on both organisations. The natural affinity of craft groups and the large number of joint concerns and issues made large economies of scale a realistic expectation from the merger. Publicly, at least, the union down played the financial incentives for the merger, choosing instead to stress the pivotal role which the union claimed it now held in industry and the labour movement. Following his election as General Secretary, Paul Gallagher told the union journal in April 1992 "*The amalgamation was not done for financial reasons, even less political ones. At our birth we are the dominant union in manufacturing of every sort... We can offer current members and new members a full trade union service at every level of industrial negotiations ...As other*

*unions follow us down the amalgamation path, we will be well placed to be a major player in the trade union game.”* (AEEU Union News, April 1992, p3)

As one might have expected from a merger that followed from years of discussions and deliberations and under which both parties had an eye to preserving an element of historical independence, the merger process was lengthy and complicated. Although a joint NEC was established on day one following the merger, the amalgamation of union services which was started at the same time is still going on. A joint head office was established three years after the merger (the EEPTU former head office was sold) and a joint rule book was agreed (with some difficulty) in 1996. The integration of the branch network is ongoing.

Following the merger, union membership continued to decline and the union organised fewer members into fewer union branches. The wide range of services available to members of the partner unions have been maintained. The respondents stated that the merged union still received a wide range of financial and legal services, training and education, convalescence homes, death benefits and a benevolent fund. The union maintained the sponsorship of the 20 domestic MPs and the MEPs that were supported under arrangements in the partner unions. An increase in involvement with the European Parliament was reported.

The merger between the EEPTU and the AEU reformed bargaining arrangements for skilled, apprentice-trained craftsmen employed in maintenance and skilled electricians following the ongoing decline of employment in the manufacturing industry. All the

responses from employers on this merger indicated that the merger consolidated bargaining arrangements for the craft group. Typically, at both Rover and British Aerospace, this facilitated the move to single table bargaining arrangements for about 30% of the workforce which had previously negotiated separately by trade (about 25% of the workforce were mechanical engineers and electricians made up about 5% of the workforce).

The survey uncovered a range of bargaining structures in place within British manufacturing. In both British Aerospace (BAC) and Rover, bargaining had been devolved to plant level and national officers were only involved in a supportive role to the local stewards. In contrast ICI, had maintained bargaining across different levels of the organisation. Negotiations were structured at local, divisional and national levels. Local representatives led the plant level negotiations and local full-timers led negotiations at divisional levels. At national levels the bargaining was led by national union officers. Each Company, ICI, Rover and BA had all maintained union facilities despite the changes to bargaining structure facilitated by the merger. The unions were afforded a full range of facilities including time off for members and officers, company check off arrangements and office facilities.

In BA and Rover, the structural advantages of a single union structure representing craft employees was seen as a positive development in terms of facilitating flexibility across disciplines and moving towards a multi-skilled craft group. In removing the representational distinction between groups of skilled craftsmen, the Companies identified a potential advantage in terms of facilitating joint initiatives on multi-skilled training and team-based

working. BAC and Rover also identified positive advantages arising from simplified bargaining structure facilitating more stability in negotiations. In addition, Rover reported that the merger was important as a move towards better representational of members' views and a more focused bargaining agenda. Neither company identified any potential disadvantages arising from the merger.

The response of the food manufacturing company United Biscuits also identified the importance of the merger in facilitating initiatives in cross and multi-skilling across their craft groups. Whilst competitive pressure was given as the primary reason for pursuing developments in this area, the Company reported that a single union to represent the interests of the craft jointly had simplified difficult negotiations and amplified the logic of multi-skilled craftsmen represented, as they now were, by a single body.. The Company suggested that the added complication of negotiating separately with different unions in the craft would have been a major obstacle to cross-skilling and single grades of craftsmen in the Company.

In contrast, ICI told us that in their experience in the chemical industry no tangible advantages had arisen within the Company from the merger in the craft group. It argued that far from simplifying bargaining arrangement the merger had clouded lines of responsibility and lines of authority. Full-time officers had been isolated from the bargaining process and, as a result, the merged union was less representative of members' views. The Company reported that the demise of the EEPTU had left a genuine gap in the bargaining structure which could not be filled properly by the new union. The AEEU were in such disarray

throughout the chemical industry, according to ICI, that any benefits of the merger were difficult to identify. ICI reported that they had lost the highly professional EEPTU to the "general shambles" of the AEEU. There was little sign that the new organisation was a genuine amalgamation of its two components. The evidence so far was that the engineers had extended their influence over the electricians who, whilst previously receptive to initiatives on change and development, were now a minority in a reactive organisation which actively opposed managerial initiatives, both structurally and politically. The Company claimed that the inefficiency of the merged union was apparent from the duplication of officials at every level. This made bargaining time-consuming and cumbersome and allowed scope for disgruntled local officials to extend their influence.

In manufacturing, the degree to which the responses of these employers genuinely reflect the impact of the merger is not fully apparent. It seems that where the merger was genuinely supported by the employer this was because it contributed positively to moves on single table bargaining or cross-skilling which were already underway or would have been pursued regardless of the merger. In this respect it is the appropriateness of the merger to developments in the Company which the employers support as opposed to the changes brought about by the merger. In the case where the merger contributed to a worsening industrial relations climate at ICI, this is largely because it upset an environment where the Company had accommodated the management of change in their existing industrial relations structure. The merger, in extending the influence of a reactive work group, might have been held to extend union resistance to change. The merger did not create the difficulties at ICI, it served to exacerbate conflict in the workplace which existed prior to the

merger.

Both Rover and BA reported that the merger was a positive influence on the climate of industrial relations within the company. BA reported that the flexibility between Mechanical and Electrical staff had improved since the merger. It was conceded that there may be a variety of reasons for this, of which the merger was only a contributing factor.

Rover claimed that, in addition to making a positive contribution to the climate of bargaining within the company, the merger had contributed to the aims of the Company in acting as a facilitator for multi-skilling of the craft function. In addition, the Company also confirmed that the new union was concentrating on a narrower bargaining agenda, where improvements to pay, training and pensions were the primary objectives. Less energy, it claimed, was being directed to holidays, hours and equal opportunities initiatives. The Company saw this as a positive contribution.

ICI told us that the merger had no affect on the issues pursued in the negotiating arena and that the merger had had no impact on company aims and performance. The Company claimed that the merger had done nothing to halt the decline of the influence of the craft function over the last ten years caused by membership decline and neglect by full-timers. The opportunity for improvement, had the electricians extended their influence as a result of the merger, had been lost as the revised structure gave more prominence and clout to the traditional (and obstructive) engineering function.



Just as there was a division between BA and Rover on the one hand and ICI on the other on the impact of the merger, other manufacturing companies were similarly divided. A merger between the National Union of Hosiery and Knitwear Workers and the National Union of Footwear, Leather and Allied Trades was primarily to consolidate the new organisation's (NUKRAFT) position in the industry. The merger, completed at the beginning of 1991 was supported widely in each union with the exception of some activists in NUFLAT who were largely ambivalent to the proposed merger. Respondents indicated that both parties to the merger were driven to seek a partnership for primarily financial reasons, a combination of a decline in membership, rising expenditure and a shrinking asset base. Both parties noted the importance of a merger in opening up new areas of the industry to membership by re-defining the position of the new organisation to meet the needs of all workers in the industry. The merger process was completed quickly. A joint NEC was established within a month of talks being completed. Union services were merged and a joint head office set up at the same time. A rule book and constitution were drafted for the new organisation over the next twelve months and over the following three months the branch networks of the partners were integrated.

After the merger union membership has continued to decline and fewer members are organised in fewer branches. Both partners offered a wide range of membership services prior to the merger and these have been maintained. Although the union responded that the increased expertise within the union had allowed the organisation to extend its bargaining agenda to reflect the full range of employee's concern within the industry, it is interesting that the organisation reported a decline in the number of full-time officers conducting

negotiations. The new organisation has not embarked on the sponsorship of domestic MPs post merger but does claim to have become more involved in lobbying the European Parliament.

In the same sector, the incorporation by the GMB of the FTAT, which represented manual grades in Remploy, was generally seen as making a positive contribution to the bargaining climate. The Company reported that the merger had led to a more representative union which would pursue a narrower bargaining agenda, including more moderate pay claims. The company also anticipated more stable bargaining arrangements. Remploy's reservations were that the union would become more powerful within the Company and that local stewards may be marginalised by full-time officials. The Company was also concerned that the union would increase its political influence as a result of the merger. This latter concern is particularly important in a Company which is the largest single employer of disabled people and the merger presented a real opportunity for the union to tap into the political processes used to pursue equal rights for disabled people generally. Despite these concerns however the Company was supportive of the merger.

Since the merger the Company reported that the merger had had a positive impact on industrial relations in terms of the social partnership approach to negotiations adopted by the GMB. The Company were able to maintain key relations with union personnel post-merger which was obviously reassuring given the concern that the merger would dilute local influence on bargaining agenda. Where the company reported a change in the bargaining agenda this has been in the union's willingness to discuss training issues and

pensions and since WIRS confirms a growing interest by negotiators in these issues generally, their emergence onto the agenda may have little to do with the merger.

Courtaulds, the clothing manufacturer, reported that the merger between the union for Hosiery and Knitwear Workers and the National Union of Footwear, Leather and Allied Trades had no discernible impact on industrial relations in the Company. Prior to the merger, the Company knew nothing about industrial relations in the footwear sector but it had neither aspirations nor fears in relation to the merger. It remained neutral. Since the merger, although union membership in the Company has remained constant, there has been no change whatsoever in either the structure of collective bargaining, the issues pursued, or the intensity with which they have been pursued according to the Company. In the plant, the Company tend to negotiate with the same representatives and deal with the same full-time officials.

The craft union EEPTU was engaged in a merger in the cement industry during the period of this study. The merger involving the British Cement Staff Association and the EEPTU. was completed in 1992. As with mergers in car, food and clothing manufacture, the move was met largely with ambivalence within the EEPTU, the enthusiasm and support for the merger from the General Secretary and officers was sufficient to drive the process on and overcome some initial opposition to the proposals from within the membership of the Staff Association. The main reason for the merger, reported by the union in its response, was the impending retirement of the General Secretary of the Association and a lack of any obvious candidate to take over running the organisation. Underpinning this were a series of financial

problems for the Association arising from a falling membership resulting directly from a contraction of employment in the cement industry. For the EEPTU the merger was seen as opening a doorway to a new area of potential membership growth within the cement industry and a way of securing expertise on the industry by recruiting the Association's staff.

The merger process itself was conducted remarkably quickly with the entire membership of the Staff Association transferred into a single branch of the EEPTU. This made the process extremely easy to administer and allowed the union services to be amalgamated with effect from the merger date. The negotiations on the rule book and constitution of the Staff Association (which sought to maintain a healthy degree of independence post merger) was completed in two or three weeks prior to the merger. The Association retained most of its internal Committee structure. Retention of the Association's identity post merger was important for the organisation to preserve recognition rights within the Blue Circle Group.

Following the merger, the decline in membership in the former British Cement Staff Association has continued, primarily as a result of the general trend in job losses and redundancies within the firm which reflected those in the manufacturing sector industry. The Association stated that post merger "the Association has proved vulnerable to the fortunes of the Blue Circle Group with rationalisation of the cement operations having an almost proportionate effect on the Association's membership". The Association indicated that the merger with the electricians has done little to address its reliance on the employer but it is difficult to see how, other than by improving membership retention amongst Blue

Circle employees, the union could exert any influence over such a concentrated section of its membership.

The range of individual member services, one tool for retention, available to Staff Association members has increased significantly with the merger. Prior to becoming a branch of the EEPTU, the Association offered education and training and legal advice for members. This has been maintained following the merger and supplemented to include death benefits, convalescent homes, car and travel benefits and a full range of financial services.

Despite the major increase in the services available to members of the unions individually, the collective bargaining agenda has been curtailed in British Cement post merger. There has been, according to the union, a marked curtailment of the issues on which the Company is prepared to negotiate with employee representatives. The union report that the Company has rolled back the bargaining agenda and excluded a variety of Company policy areas, such as the management of change and equal opportunities. For many employees, the union reported bargaining barely extends beyond the confines of an annual pay review. Given the range of pressures and influences on the company's employee relations policy, it is unlikely that the merger itself had any significant role in this curtailment. The financial pressures under which they were operating, combined with increasing casualisation and contract-based employment, may have provided the Company with an incentive to dismantle some of its policies and procedures as the requirement to recruit and retain permanent, skilled employees became less important.

Blue Circle Industries reported only positive developments arising from the merger. For example, staff representation became more professional. They noted that negotiations were focused on a narrower negotiating agenda and stressed that the professionalism of the union's response had improved. Given the prevalence of multi-site bargaining, the resources a larger union was able to direct to training union representatives was particularly welcome according to the employer.

The integration of the staff association representing white collar staff with the trade union representing production and craft grades (as well as some white collar posts) had a positive impact on the climate of bargaining at a large tobacco manufacturer. No disadvantages arising from the merger were reported and the Company welcomed the prospect of simplified bargaining structures and a more representative union pursuing a narrower bargaining agenda. The Company reported that the merger did not actually result in any significant changes to the way in which bargaining was structured, but that the merger did contribute to a positive climate in industrial relations.

Finally, the consequence of the merger on industrial relations at Unilever was to end the collective representation of managers in the Company. Following the merger there were no negotiations with a collective body and terms and conditions were effectively imposed on the group. In what can clearly be seen as a diminution of its power, the union maintained some influence in representing members on individual issues and providing a range of membership services.

## Summary

Any analysis of the change in power relations between collective bargaining parties in manufacturing that have resulted from a union merger is almost impossible to quantify. The range of economic, political and competitive influences on bargaining across the sector during the period of the study means that in most cases mergers simplified either the bargaining structure and/or the bargaining agenda (to the benefit of both parties reportedly). In one or two cases however, employers reported that the merger had consolidated sectional interests and disrupted collective bargaining arrangements which may imply a growth in power for the union. There is no evidence that links union merger within a group to a greater degree of change or adoption of a new managerial technique, nor do union members appear to do better or worse than other groups of workers in the same Company that have not been affected by a recent merger. For example, in both United Biscuits and Rover over the last 5 years the pay settlements negotiated with the craft group were the same in percentage terms as that agreed with other groups of employees.

Where the merger appears to have some influence on power relations in the sector is in facilitating or exacerbating an existing trend or series of difficulties. The WIRS survey 1992 indicates that, in general, the move towards integrated bargaining and single employee status is opposed by the trade unions and reflects a decline in their influence when it is introduced. Similarly, for craft employees whilst the move to cross skilling is not opposed per se by unions, it is negotiated carefully with unions keen to secure strict control over its development and implementation given the impact the initiative can have on craft jobs. The survey conducted for this study suggests that where initiatives on these issues are underway,

the union merger amongst the craft group could have a positive impact on implementation. In legitimising structural change in bargaining the move made it easier to perform a wider review of bargaining structure and pursue cross skilling. Given the position that unions have adopted in relation to these initiatives, their facilitation may indicate a contribution to the diminution of power resulting from the merger.

In contrast, where there is a strong culture of resistance to change and opposition to managerial proposals is already underway, as we can see at ICI, a union merger may extend the scope of influence over the resistant group. The merger may result in a shift in power relations by the union when an element of the union is in ascendance by extending their sphere of influence. The determining factor in whether the merger may have any impact on power relations depends upon the shift in bargaining power already underway.

In companies where the merger does not result in a union between two previously separate bargaining groups, the effect of the merger on power relations is less clear. Employers continue to deal with the same individuals pursuing more or less the same issues. Structural change is not related to the merger according to respondents. In these cases, whilst a union merger may herald a re-organisation within the organisation, the net effect for the employer is that business as usual is pretty much maintained.

In manufacturing companies the survey indicates that a union merger may have some impact on power relations where it removes a separate bargaining line for a group of employees, but where bargaining lines within the Company are maintained the impact of



the merger on bargaining power is very difficult to identify. Occasionally, however, as the survey indicates, the merger may have an impact on power relations beyond the primary power dimension of collective bargaining. At Re-employ the merger with the GMB gave FTAT a greater access to the political and economic dimension of power, Dahl's third dimension. Moreover, in this case because of the political sensitivity associated with the employment of disabled people, access to a wider number of employees, a professional press and public relations made a substantial impact on the companies plan to cut the workforce and impose a pay deal in 1995. The opportunity to utilise the political environment as a source of power was a key factor in reversing the Company's power and marked a shift in power relations towards the union despite being outside the bargaining arena. A similar noticeable shift in power relations directly attributable to the merger (this time towards the employer) was apparent following the decision to derecognise the Unilever's Managers union following its merger with the IPMS. Effectively, in derecognising the union's authority to negotiate collectively on pay and conditions, the merger marked a fundamental shift in power towards the employer.

Having consolidated the information relating to mergers in the manufacturing sector and draw some headline findings and pointers on power relations and changes in bargaining structures, a related sector, printing, can now be investigated. Although similar in function to the wider manufacturing sector and, by its nature subject to the same competitive pressures, printing is very different in one crucial aspect. Whilst a number of different mergers took place over the period across manufacturing with a range of different and related effects, in printing collective bargaining across the sector was affected by the merger

of the two industrial unions responsible for all employees working in the industry. As a result the impact of a particular merger on bargaining relations should be easier to identify since no collective bargaining within the sector has been unaffected by what Undy would term a classic consolidatory merger.

## **Printing**

The merger of the two major printing unions, the NGA and SOGAT '82 to form the GPMU, in October 1991 had a significant impact on union organisation in the private sector. The merger brought together craft employees in the NGA with a range of non-craft and clerical employees in SOGAT to form a union represented across the printing industry. The merger formed the sixth largest union in the TUC. The merger was a classic case of unions consolidating a position in the industry when faced with a declining membership base and an increasingly hostile bargaining environment. Employers in the industry, the unions reported, had continued to pursue a move away from collective negotiations and towards individual contracts for employees with some vigour. The need for a single voice for print employees in the labour movement and the decision making bodies of the European community, the IGF and the EGF, was also a major factor in the decision to merge. The merger was actively supported by all areas of both unions and with a strong degree of unity across the organisations. The enthusiasm for the merger amongst both General Secretaries, Brenda Dean of SOGAT and Tony Dubbings of the NGA, was seen as instrumental in ensuring that the merger went ahead.

The respondents told us that the need to improve bargaining arrangements and react to employer pressure were the key reasons for the merger process. A desire to consolidate a central position in the industry was also cited and illustrated by the attempts to recruit the NUJ into a united union organisation covering all aspects of the printed media sector.

Whilst the need for a collective resistance to employer pressure to derecognise was one factor in the decision to merge, the unions also sought to review their bargaining structures with employers seeking to retain collective representation in order to simplify the structures. A merger between the two unions, often represented in the same workplaces, had the effect of simplifying bargaining arrangements and facilitating single table arrangements in some companies.

The merger did not stabilise union membership in the print industry and the union has continued to lose members as a result of job losses (primarily due to the introduction of new technology, and continued employer hostility) according to the union. The range of issues pursued in collective bargaining has not been affected by the merger, but the number of full-time officials has been increased. There has been no change post merger in the range of services available to members because both partners offered a very wide range of membership services. The GPMU has kept up the five sponsorships of the five Labour MPs supported by its component union but it has sought to increase its influence at a European level.

The Paper Federation of Great Britain reported that the formation of the GMPU, from SOGAT and the NGA had had little demonstrable effect on the paper-making industry. The

officers responsible for national negotiations remained in place and, as a result, continuity in bargaining structures and the bargaining agenda had been maintained. At the level of the individual company, plant level bargaining, against the backdrop of high union membership with a full range of union facilities supplied by the employer, was the norm according to the responses. SOGAT and the NGA jointly represented all operating and craft employees, with white collar employees not generally represented by a union. Where employers reported any changes arising from the merger, these were reported to be of benefit to the Company.

Waddington Cartons did not report any changes in bargaining arising from the merger whilst Jarrold Printing and SCA Packaging reported that they had supported the merger and realised benefits from it. Jarrold Printing indicated that the merger had led to more stable bargaining and better representation of members. It had led to a decline in industrial action. SCA reported simplified bargaining arrangements which had contributed to stability in union negotiations.

## **Summary**

In many ways the responses from the printing industry mirror those from the manufacturing sector generally. Where the merger between the unions destroyed a separate bargaining arrangement then this was deemed to be advantageous by the employer who was already involved in some revision of structural bargaining arrangements. Both Jarrold Printing and the SCA reported that the move to merger effectively contributed to the ongoing policy to simplify bargaining arrangements within the Companies. In this respect the merger was a facilitator of change rather than the instrument which drove it (the real determinant of power relations which is made up of complex and inter-related factors including perhaps merger).

The merger assisted a process that was underway and given the prevalence of single table bargaining identified by WIRS would, in all probability, have gone on in any case.

Nevertheless, given that WIRS has identified union opposition to bargaining structure reform the merger may have contributed in some way to a shift in bargaining power towards the employer. Where the merger does not result directly in a structural change in bargaining within a workplace or where there is no wider move to reform bargaining, no impact on bargaining power is identified.

Workers in the printing sector have historically been represented by industrial union's covering all jobs and occupations. Other groups of employees are represented not in relation to the sector in which they work but the job or role they are employed to perform. As a representation of these employees takes place across a range of industries and even sectors. One might expect union mergers affecting members from this disparate group of industries to be difficult to investigate given the nature of the members involved and the variety of factors which may impact on collective bargaining (not least of which might be the economic factors affecting their particular industry). It is feasible, for example, that employees in a particular occupation in one sector may be enjoying an economic boom in which wages and conditions are improving whilst those in the same occupation in another sector may be experiencing job losses and worsening terms.

### **Private Sector White Collar and Clerical**

Within private sector industries, MSF has dominated the mergers involving organisations representing white collar or clerical staff. The union itself arose from a merger of two rather

disparate partners in 1988. ASTMS, representing white collar workers in the health service, finance sector and manufacturing supervision, entered merger talks with TASS whose membership was concentrated at all levels throughout the manufacturing sector. The merger talks, starting in 1986 and initiated by ASTMS, led to the formation of a new and large union concentrated in manufacturing but with interests extending beyond this into the financial and professional services sector. In many ways the merger can be seen as a classic example of a consolidatory merger in which two unions, threatened by the decline in membership due to the contraction of the manufacturing sector in the mid to late 1980s, joined together to secure their position. In addition to presenting the new organisation as the primary organisation for the representation of employees engaged in manufacturing, the partnership is also a springboard from which the union could attempt to expand its membership beyond manufacturing in those areas where ASTMS had already established a membership base. The merger was undoubtedly led by the union hierarchy in both unions.

The respondents indicated that whilst the logic and rationale for the merger was largely accepted throughout both organisations, the General secretaries and NEC, with the support of union officers led the merger process. There was very little opposition to the merger and, respondents indicated, there was a large degree of unity within both organisations on the merger issue. The fall in membership subscription income was cited as the primary reason for merger. The decline in employment in manufacturing throughout the eighties had placed financial burdens on both parties and both were keen to consolidate their position in the sector. Falling income and increasing expenditure in both partners emphasised "industrial logic", as one respondent described it, of a merger.

In the first phase of the merger process the new union set up a joint head office and merged union services to members. A joint NEC to lead the practicalities of the merger was also established. Within the first six months the unions had agreed a new interim rule book and constitution which was consolidated some 18 months later. Initially, the union chose not to tackle the duplicated branch structure. The integration of branches has been a lengthy and time consuming process and is still going on some nine years after the merger.

The merger had not succeeded in addressing the decline in membership. It was reported that both the union membership and the number of merged branches have continued to decline. Whilst this was partly explained by respondents in relation to the continued decline in manufacturing employment in the UK, it also suggests an inability of the new union to extend its membership growth outside the core sector. The continued decline in membership and the financial impact of this are evident in the range of services offered to members post merger. The survey indicated that the range of services currently offered by the union are significantly fewer than those available to members in the partner organisations. Car insurance benefits, insurance services and mortgages have all been discontinued by the MSF and the death benefits and benevolent fund available to members in the partners have been consolidated into a single Benevolent Fund without any guaranteed payments. In terms of the collective bargaining agenda there has been a significant narrowing of bargaining interests, despite the emergence of several key issues for this white collar workers in recent years in terms of flexible working, equal opportunities and training. The union reported that the financial environment in which it operated in manufacturing towards the end of the eighties made basic pay the primary consideration on the union's bargaining

agenda. Where the union has expanded its services to members post merger, it is seeking to widen its influence on the national political environment, where it sponsors 16 Labour MPs compared with the 12 sponsored by the two partners. The new union has also responded to the growth in the European dimension in collective bargaining by seeking to extend its influence in the European Parliament.

Once established, the way in which MSF has sought to consolidate its position in the manufacturing sector can be illustrated by the way in which it has recruited a number of white collar staff associations into the union. The merger with the Imperial Group Staff Association, representing people working in the tobacco industry, is one such example. The General Secretary of the IGSA stated that the merger, which took place in 1990, was initiated and strongly favoured by the larger union whilst the Staff Association were suspicious of the move and wary of being taken over. Whilst MSF was largely able to convince officers and the NEC of the benefits of the move, the membership and officers based in the regions remained sceptical of the merger. The survey information indicates a great deal of division and debate on the merger amongst these two groups.

The main reasons for the Staff Association response to the merger overtures were financial. The decline in the tobacco industry had left the organisation facing declining income from subscriptions and rising expenditure. The Association was also seeking increased expertise in the bargaining process in order to respond to a more complex bargaining agenda particularly given the developments in health and safety and the importance of equal opportunities initiatives to a predominantly female membership. Despite the reservations in



the membership, a major campaign amongst the members resulted in a conclusive endorsement of the merger and from that point the merger process moved very quickly. The union head office was sold within a month and the branch structure and union services were merged within three months.

The respondents reported that the merger move had helped stem some of the problems facing the organisation and, whilst membership had continued to decline, this reflected the continuing decline in demand for cigarettes as opposed to any employee relations issues. Once again the survey suggests the relatively insignificant impact of industrial relations structure when there is a strong sectoral trend. The bargaining structures have not been affected by the merger and there has been no move to simplify arrangements or facilitate single table bargaining.

In addition to the formation of the MSF the other significant merger involving organisations representing white collar private sector employees was the decision by Apex to join the large GMB general union. Apex representing managerial, administrative and clerical employees predominantly based in the private sector was unusual in that the merger, supported throughout the organisation was opposed at the top by the General Secretary ostensibly for "political reasons". Elsewhere in the union and within the GMB the rationale for the merger was accepted and the proposals broadly accepted. As a result of the support for the merger in the partner unions and the degree of unity on the merger question throughout the partners was such that the General Secretary was isolated and the merger went ahead in 1989.

The main reason for the merger was, the survey suggested, the loss of influence suffered by the union, particularly internally within the labour movement and the TUC. Joining a large general union immediately addressed this providing renewed influence and increasing status. The merger also addressed Apex's other concerns such as a decline in members and a shrinking membership base by opening the opportunity for significant economy of scale savings.

Once decided, the merger process was relatively speedy. A joint NEC was established and union services merged almost immediately and the Apex head office was sold within three months. The branch structure has remained largely separate from the branch structure of other elements of the GMB reflecting the desire by Apex to retain an element of independence within the GMB structure. This can be further illustrated by the retention of the Apex name.

The merger has not prevented Apex from continuing to lose members (and branches) despite an increase in union membership within the GMB generally. Similarly, to the experience of the Imperial Group Staff Association, the merger with a larger union has had significant benefits for members in term of the range of individual services which have become available, but the merger has had far less impact on their collective representation. Apex reported that a range of financial services, car breakdown benefits and death benefits became available to members for the first time. However, in relation to collective bargaining with employers, there was little impact of the merger on either the range of the bargaining agenda or the manner in which issues were pursued. The number of full-time

officers dedicated to bargaining on the behalf of Apex members was reduced post merger.

## **Summary**

Trade union respondents representing white collar workers in the private sector, all had made an efficiency review process more or less integral to the union merger and, with the exception of one, all the reviews were to be ongoing. In the merger between the Imperial Group Staff Association and the MSF the terms of the review, which was aimed primarily at financial efficiency, was set by the MSF NEC and reported to the MSF Financial Secretary. Both parties were broadly supportive of the review process. The unions reported that the review had streamlined the communication process with the membership and fully integrated the negotiating function. There were no plans to make the review process ongoing and, given the scale of the merger and the number of members involved, to have made the review ongoing might have lacked credibility with the members.

In all the other cases, the merger was to be used as an opportunity to introduce an ongoing review into the framework of the merged organisation. The majority of the reviews were conducted 12 months after the merger had been approved in the ballot. In the case of the merger between Apex and the GMB, the review process was conducted a full two years after the merger when the new organisation might be held to be fully integrated. In every case, the entire organisation (and not the area directly affected by the merger) was to be included in the remit of the review. Whilst this degree of coverage may not be surprising where a new organisation has been formed, it is surprising that the integration of Apex into the GMB should have an impact outside the boundaries of the merger and across the larger

organisation. The coverage indicates that the opportunity to review structure provided by the merger was readily utilised by the GMB. In the GMB/Apex merger a series of working parties have been established since the merger in order to make sure the reforms initiated by the review are perpetuated and on-going. In general, the reviews tend to operate on terms established by the NEC and it is the NEC who evaluates the outcome. All the unions indicated a strong degree of support for the merger proposals throughout the component organisations. One respondent reported that the membership of the organisation would probably not have been as supportive had they an inkling of what had been going on.

Respondents were asked to illustrate the sort of outcomes which the review had delivered.

The GMB indicated that a number of union publications had been suspended as a result of the review and the affiliations list had been rationalised. The integration of union services had been monitored carefully for efficiency. Another union suggested that the reviews had resulted in a series of cost-cutting initiatives including redundancies amongst the full-time staff. Each respondent confirmed that the review process established would extend beyond the period where the organisation was directly involved in the merger process and would become, in effect, a general efficiency review examining all aspects of the organisation.

Where respondents indicated a specific timescale for an efficiency review, other than stating it was to be "ongoing", the favoured timescale was for a review every 6 months

It will be interesting to compare these findings with a group of white collar workers who are represented in relation to the industry in which they are employed rather than by reference to their job or role. In the finance sector, employees are represented by a single industrial

union or, by virtue of historical development in industrial relations in the industry, a series of small company unions. Whilst merger activity amongst occupational unions representing white collar staff was characterised by a series of high profile consolidatory mergers designed to protect the union from falling employment within industries in which they operated, mergers in the finance sector were more frequent and involved fewer employees. Although they shared the common feature of being a response to economic developments in the industry mergers in finance tended to reflect the trend in employer organisation in response to deregulation in the finance sector. As a result union merger activity was often a pragmatic response to merger activity amongst employers.

## **Finance**

The significance of sectoral factors on the nature of merger activity and the impact they have on power relations is amply demonstrated by developments in the finance sector. During the eighties the sector grew consistently as the Government deregulated the provision of financial services and used fiscal policy to generate a growth in saving. At the same time privatisation was responsible for a surge in share ownership and stock market activity. With the growth in financial services that banks, insurance companies and building societies were authorised to provide came a growth of employment in the sector. This was reflected in a growth in union membership; both the larger trade unions like BIFU, the high street bank staff associations and the smaller employee organisations responsible for representation in a single building society or insurance company. As membership in these single employer staff associations increased they attracted interest from larger general trade unions who were seeking opportunities to offset the membership decline suffered in their

traditional sectors. The prevalence of merger activity in the sector in the first half of the period under investigation can be explained, in the main, by an aggressive policy designed to pull smaller finance sector staff associations into larger trade unions.

As competition within the sector intensified, employers looked to reduce cost bases and exploit technological developments to secure the optimum return for shareholders.

Employers looked towards merger themselves as a means of protecting themselves from competition, securing additional funds for investment and securing a recognised service provider in a related market as a platform for growth. Smaller employers also looked to merge with other small employers in order to develop an organisation large and robust enough to withstand the increasingly competitive nature of the market and maintain a degree of independence. This increase in mergers amongst employers was mirrored in the growth of merger activity amongst their employee organisations. The incidence of union merger activity in the second half of the period is almost entirely attributable to reorganisation amongst employers.

The prevailing economic climate in the sector, expansionist or in decline, is an important factor in highlighting the effects of mergers as well as the motives for them. Where the merger has resulted from predatory moves by larger unions to attract smaller organisations, one might expect the merger to liberate new sources of funds or a fresh range of services/expertise. Alternatively, it may signal less activity within the primary employer as the larger union concentrated on maintaining overall levels of membership or pursuing a strategy for growth, as opposed to servicing the existing members. Where the merger of

unions reflects moves by the employer one might expect the union position to be weaker since a reorganisation has been foisted on the employees and they are faced with a larger employer with more resources. However the merger may also herald a growth in the resources available to the union as a result of a one-off increase in membership.

Where smaller unions had been recruited to join a larger more generalist trade union, the employers with which they negotiated reported little change in the organisation of collective bargaining post merger. There was, however, some discernible difference between those mergers in which a staff association with recognition in a single employer opted for merger with a large general union (for example, the merger between the North of England BS Staff Association and BIFU) and those mergers involving a unions with members working within two similarly sized, employer based staff associations. The first example falls broadly into Undy's definition of an aggressive merger (in which a smaller union is attracted by a larger one to transfer its engagements). The second can be defined as a consolidatory merger between two unions conscious of the need to merge in order to secure their position within the new employer.

The amalgamation of the Northern Rock Staff Association (NORSA) with BIFU was the first significant success of a conscious policy by the larger union to attract smaller organisations into a single employee organisation in the sector. The increase in the size of NORSA, which had close to 1,500 members on entry, meant that recruitment was economically rational. The number of new members recruited and the potential membership which became available, made it attractive for BIFU to direct resources and attention to

staff associations in the sector. The transfer of engagements from a small staff association to a larger, TUC affiliated union, was generally greeted with apprehension amongst employers. This was partly due to the increased resources available to a larger organisation but also reflected a fear that the merger would disrupt the culture of bargaining in the Company. When NORSA merged with BIFU, the employer expressed reservations about having to negotiate with a less informed and less specific staff body which would have less information about the Society and its performance. The Northern Rock also feared that the union would be less representative of its employees' views and that influence would shift away from locally based employee representatives and towards professional full-timers. When the North of England Building Society Staff Association opted to join BIFU the employer reacted by derecognising the union altogether, suggesting that it anticipated a major disruption to its collective bargaining.

These fears were less prevalent amongst the Prudential Assurance when ASTMS merged with TASS. The Company was less worried by the merger since ASTMS already negotiated with a variety of different employers. However, the Company still feared that ASTMS's knowledge of the sector may be diluted by a partnership with a union with roots in manufacturing. The Prudential feared that the merger (to form MSF) would mean that the culture and dynamics of the union would be more likely to reflect manufacturing interests than those of the finance sector. The Company's major fear, other than that of negotiating with a less representative union, was that the merger would lead to an upsurge in industrial action as the negotiating tactics prevalent in manufacturing were adopted in the finance sector.



The merger of a small in-house union with a larger organisation might also have some advantages for an employer as the experience and range of services available to a large union act to stabilise collective bargaining. The Prudential did not specify whether or not it anticipated any benefits to arise from the merger. The Northern Rock indicated that it expected the merger to facilitate a more professional union (with more moderate claims and a narrower bargaining agenda). It anticipated more stability in its industrial relations. Both employers claimed to be neither supportive nor opposed to the merger.

The effects of the merger on power relations in the sector were difficult to assess and there was no noticeable difference between the general level of pay increase and changes in terms and conditions in those organisations that has opted for a merger and those which remained independent. Both employers succeeded in introducing performance-related pay in their organisations in the face of union opposition. However, both unions negotiated the introduction of the scheme and succeeded in securing safeguards such as dual signatories, the provision of information on grading and an equality audit. The level of competitiveness and interchange of staff in the sector meant that wage rates were very similar across organisations and trends designed to retain employees or attract new staff were quickly adopted across all employers. By 1985, for example, every major employer in the sector offered significantly enhanced maternity provisions (Incomes Data Services 1995), profit sharing and performance related pay. Jon Robinson, Head of Research at BIFU stated that given the rapid expansion of the sector, employers were compelled to compete for skilled and experienced staff, particularly in Sales and IT. The pay and benefits packages on offer

to staff across the sector were very similar and the sector was continuously surveyed for developments. He confirmed that there was little difference in the culture or pattern of bargaining where unions had been engaged in a merger and those where they had not.

The response of the Prudential suggested that employers too recognised that the merger had little impact on collective bargaining. In the survey, the Prudential reported that no changes in bargaining had resulted from the merger and that union density and the climate of bargaining had remained unchanged. The Company also suggested that the scope and depth of bargaining remained largely unaffected by the merger. The Northern Rock stated that the range of issues negotiated collectively within the Company increased after the merger and union membership rose. Whilst this response may indicate that the union adopted a fresh bargaining stance post merger and attracted new recruits, the employer confirmed BIFU's view that new developments in the bargaining agenda primarily reflected the competitiveness between employers and the requirement to recruit and retain skilled employees. The level of union membership growth reflected the growth in employment in the Society. Although there was an increase in the range of issues pursued during negotiations post merger, the Society reported that in relation to hours, holidays, managerial pay, violence at work and stress management, union claims were less ambitious than they had been under the Staff Association. This may indicate that the negotiating strategy of the union changed post merger but it may also indicate that the major improvements in these areas had been secured across the sector and that these issues had lost their currency. This latter interpretation is strengthened by the response that in a single area, equal opportunities, the claims of the merged union were more ambitious. Given the degree of competition for

skilled staff at this time advance in equal opportunities issues, maternity provisions, flexible work patterns and childcare, was a common feature in the sector which was heavily reliant on female labour. In the early to mid eighties advances in equal opportunities provision across all main finance sector employers outstripped any other category of employer in the private sector. (Industrial Relations Services 1985)

The effect of mergers between small and larger unions on collective bargaining relations and structures may have been limited, however the effects on union power post merger in relation to individual members and on wider economic and political issues did increase. Large general unions like the MSF and BIFU were able to provide members with a far greater range of services and benefits including education, research, legal assistance and consumer benefits. Most smaller staff associations could offer their members little more than very basic representation and legal services. Similarly, whilst smaller associations were not affiliated to wider representational bodies and did not sponsor domestic or European of domestic MPs, both BIFU and MSF were affiliated to the TUC and FIET (the international body for finance sector trade unions) and both organisations sponsored MPs in both Westminster and Brussels. Although union power in these spheres may have increased notably with the range of services and resources available to a larger union, the net effect of the extended facilities must be considered in relation to the limited effect of union power within these spheres. When placed against the range of employee benefits available to workers in the finance sector including pensions, share options, preferential mortgages and insurance, the services provided to individual members by the union can look derisory.

Moreover, union influence on developments in the finance sector, despite the resources available to it, is generally marginal given the proximity of the sectoral developments with topical political developments (like the debate around the single currency) and economic policy, given the extensive lobbying and public relations strategies adopted by employers in the sector.

Intensive competitiveness within the sector combined with economic recession, resulted in merger activity within staff bodies reflecting the trend in mergers within employers in the second half of the period under consideration. These mergers concentrated within independent staff associations within sector again had little discernible impact upon power relations in collective bargaining. Union density within the staff associations engaged in a reactive merger was relatively high ranging from approximately 60% in the Nationwide Staff Association to over 85% in the Woolwich SA. All the staff associations represented employees up to the senior management level and in each case negotiations were conducted at the national company level. With the exception of the Alliance Building Society SA, full-timers led the negotiations with the employer.

Given that the union mergers were in response to company mergers, it is not surprising that all the employers were extremely supportive of the merger. Less complex bargaining arrangements resulting in more stability within industrial relations and conducted with a union which better represented the views of the employees, were all major benefits of the merger reported by the employers. As Sarah Taylor, HR Director of the Nationwide

Building Society stressed in the Society's survey response, *"The key was for the new merged society to deal with a single body representing all employees"*. Few respondents concluded that non-structural benefits had resulted from the merger with the exception of the Woolwich who indicated that the merger of their staff bodies may result in more moderate pay claims. Where any disadvantages of the merger were anticipated by the employer these were generally in relation to the possibility that the merged body might be more powerful or that more professional staff were available to facilitate union side negotiation post merger. The Woolwich, for example, feared a growth in the influence of union full timers as a result of the merger. In contrast, the Nationwide did not anticipate any disadvantages from the union merger.

Given that the reorganisation of union organisations stemmed from a merger amongst employers, it might be expected that the merger was primarily aimed at facilitating continuity in bargaining and representation as opposed to demonstrating a change in the objectives and aims of the staff body. In contrast with the other mergers in the sector, in this instance unions were reacting to changes in the status of the employers with which they dealt, as opposed to seeking reorganisation for their own ends. Certainly, neither the unions or employers involved indicated that the mergers had had any significant impact on power relations within the company post merger. The Alliance and Leicester reported that the merger contributed to the increase in the range of issues that were determined in collective discussions but, as we have seen, the range of issues negotiated within the sector may also have resulted from strategies amongst other employers to tackle skill shortages and retain experienced staff. This may also go some way to explaining why, at the Woolwich, it was

reported that the merged staff association pursued more ambitious claims in relation to pay, holidays, pensions and equal opportunities. The Society reported that a merged union was more forceful pursuing issues in relation to branch managers (including their pay) but there is no evidence that Society managers escaped the dominant trends in the employment of managers, individual pay and downsizing which managers experienced across the sector.

For employers who had themselves chosen to embark on mergers, the merger of their staff unions heralded business as usual. No changes, other than the organisational benefits of dealing with a union which reflected managerial reorganisation (and over which the union had no influence) were noted by the employers. All the societies agreed that the level of union membership had not changed as a result of the merger and that the merger had no perceptible impact on company aims, structure or performance.

For the unions there was a clear difference in the perception of the merger by the union representing staff in the organisation which had initiated the merger and the union where the employer had been taken over. In the case of the merger between the Gateway and Woolwich Societies and between the Nationwide and the Anglia there was clear support for the merger from the larger staff associations. This might be explained by the influx of members in which their employers actions resulted and the fact that the smaller union was forced to reorganise along the model of the dominant union. From the smaller union there was at best ambivalence and at worse outright hostility to the merger process in the survey responses. In a merger involving two societies of a similar size, between the Alliance and the Leicester for example, the two associations, (both anticipating a loss of influence), were

generally opposed to the merger. In each case, the unions reported that employer pressure was the main reason for a merger and that the merger had been broadly supported by the membership. The merger process followed a similar pattern amongst all respondents with a rule book or joint NEC being the first move towards integration and merged services and an integrated branch structure following later. The branch structure usually reflected the regional structure of the merged society when this was in place. Establishing a joint head office for the union was usually one of the first stages in the process. All the unions reported a significant increase in membership post merger although this is unsubstantiated by the employers who claim that membership has remained broadly constant. This discrepancy may be explained by the fact that the unions referred to the membership increase from the merger itself since, in every case, the level of employment was significantly less in both societies post merger. It does not seem reasonable to suggest that the merger of two building societies with the rationalisation and branch closures which followed could be reflected in a growth in union membership when trade union density was already very high.

There is no evidence that the power relations in collective bargaining post merger were any different than they had been in the dominant employer. Certainly the terms and conditions under which employers were taken on and the pay awards which employees secured, (as well as the extension of employee benefits), were not markedly different from those which prevailed across the sector generally. Moreover, unlike the mergers which dominated the first period of the study in the sector, these mergers had no impact on the scope of individual services on offer to members post merger or on the level of economic and political activity undertaken by their representatives. In most cases independent single

employer staff associations offered a limited range of membership services, some legal provision and membership discounts on specified products and the package available to members post merger was comparable with what had been there before.

Since none of the staff associations involved in these mergers were affiliated to any other organisations or had engaged in any political sponsorship or lobbying, there was no change in relation to this sphere of influence. With the exception of the Woolwich Staff Association, the other organisations claimed only minor improvements to their membership package. The Nationwide Staff Association, for example, improved its services by offering free legal advice and insurance services, whilst the Alliance and Leicester SA provided car insurance, travel discounts insurance services, car breakdown services and investment advice following the merger. In each merger the number of full-time officials, although it has increased, has remained proportionate to the levels employed by the two separate organisations before the merger.

## **Summary**

In the finance sector, then, union merger activity fell into two distinct categories, those where the smaller union was attracted into merger with a larger, more generalist partner and those where the merger of unions reflected a merger by their employers. In each case, the category of merger had a distinct impact on the type and scope of the post merger efficiency review orchestrated by the union. Where the smaller union opted to join a larger partner the review process was negligible. Both BIFU and the MSF reported that the incoming union was slotted into a pre-arranged section within their organisation, the Building Societies or



Insurance Sections within BIFU and the Finance Section in the MSF. Usually a merger was not initiated and in effect the new partner maintained its organisation within the existing section. Any review within the new partner was aimed primarily at integrating it into the existing structure and not at efficiency. Jon Robinson, at BIFU, suggested that this process was usually straight forward and required little change in the existing structure of the new partner with the exception of a revision of financial arrangements. Certainly, he concluded, the exercise was not a covert opportunity to conduct an efficiency review on the partner, since in many cases the merger followed a carefully orchestrated attempt to persuade the union to merge with BIFU for the opportunities it offered for stability and growth. *"To conduct that kind of (efficiency) review on the proposals would not have been accepted (by the partner union)"* he said, *"and would have sent the wrong message to other staff associations that were thinking of joining us."*

In contrast, where the merger of trade unions resulted from a decision by the employer to merge, all the staff bodies used the merger as an opportunity to introduce an efficiency review into the new organisations. Both the Alliance and Leicester Staff Association and the Nationwide Anglia SA introduced ongoing efficiency reviews during the re-organisation associated with the merger. Tim Pail, Nationwide SA's General Secretary, told us that in his organisation he conducted the review in line with terms of reference set down by the new NEC and which was strongly supported throughout the union. Whilst an initial report on the efficiency review was made six months after the merger of the two societies there were provisions in the terms of reference for the review to be ongoing. In the Alliance and Leicester SA, the review process was set up by an external consultant and conducted to

terms of reference set down by the NEC. Whilst the degree of support within the union for the review was strong amongst the General Secretary, NEC and officials, the members were ambivalent and some activists were actively opposed to what they saw as an attempt to prune union services. In contrast to the arrangement for an ongoing review at the Nationwide SA, in which no timescale was specified, the review process at the Alliance and Leicester SA contained provisions for the review to be conducted every six months. The SA claimed that although the review process had been conducted regularly it had not as yet resulted in any major change initiative or restructure. Only in the Woolwich SA was the merger process conducted without an accompanying formal efficiency review. This was because the two organisations involved in the merger, with 2800 and 950 members respectively were too small make a review meaningful. In addition the Association did not appoint its first full-time official until after the merger so there was no-one to conduct a review during the process.

Given that the decision to engage in a merger was imposed on these unions, it appears that they reacted positively and with a degree of aptitude to use the resultant upheaval of their organisational structure to ensure that they became an efficient organisation post merger and in building an ongoing dimension to the review process ensuring that the organisational benefits arising from the merger are reinforced in the long-term.

Of all economic sectors, particularly in the light of deregulation, the finance sector is perhaps the most purely “private” sector and free from government intervention. In contrast other areas of the private sector have only recently emerged from a lengthy period in which

they were wholly or mainly owed by the state and therefore more subject to the impact of political policy than economic trends. The transport industry will be considered first, followed with the communications and broadcasting industries. Although the latter still cross the divide between private and public sector and has employees operating within both, a decision was taken to include them in this section on the grounds that overall the majority of employees working in the industry were employed in the private sector. Where sections of the both industries operate in the public sector they compete with private sector firms in a deregulated market. As a result, bargaining practice tended to reflect the pressures that arose within the market in which they operated.

## **Transport**

Consolidating employee representation in the transport sector was the primary determinant of the merger which formed the Rail, Maritime and Transport (RMT) union from the National Union of Railwaymen (NUR) and National Union of Seamen (NUS) in 1990. The talks preceding this merger were very lengthy and incorporated many financial targets for the NUS, who had initiated the merger. The NUR reported that it did not intend to proceed with a merger to a financially unstable partner. (The NUS had suffered a lengthy and financially damaging dispute with the P and O Company the previous year.) Along with the core groups of railway and shipping workers, from the outset the new union sought to widen its appeal with special and separate sections for road transport members (NURTO) and service catering staff (NUHSE). The new merger predicted a growth in industrial, financial and political strength. Some evidence of the latter was apparent in the retention of a greater number of sponsored MPs and more activity focused on representation in the

European Community. Individual members were given an extended range of personal services post-merger including improved accident, retirement and demotion compensation. It is not clear whether the strategy for the consolidation of union membership in the sector was successful and whether the union was able to extend its appeal sufficiently beyond the confines of its core membership, to compensate for the decline in employment in these sectors. Whilst union density has been relatively stable since the merger, membership levels have continued to decline reflecting employment within the sector.

Overall, the effect of the merger on collective bargaining relations in the rail sector reflects the degree of influence that the new union has in different dimensions of power. For example, the union ran a lengthy and popular campaign against privatisation of rail services but was unable to prevent the legislation going ahead to bring about the sale of the rail network and the franchise of the rail regions (or indeed to secure commitment from the opposition to re-nationalise the network upon attaining power). However the union's direct negotiations with the employer have been punctuated by lengthy and well sustained industrial action which may suggest that power relations in the sector are yet to be clarified. A long signalmens' dispute in 1995 against Railtrack has been followed in 1996 with action from the guards and drivers on seven regional networks and the drivers on London Underground. It is difficult to say whether the union is in a more powerful position in the privatised rail network or is simply placing a stake in the ground to establish a framework for bargaining with the private rail companies. Given that most of the regional networks have already signalled their willingness to cut staff and increase productivity (moving away from guards on trains altogether in some instances) this suggests that employers intend to

continue the job losses initiated by Railtrack in the initial period of rail network privatisation. The pattern of job losses and the unions inability to protect employees suggests that, if anything, the current bargaining environment has increased the ability of the union to improve pay and benefits for existing employees and weakened its ability to protect members' jobs or, given the number of accidents on the network since privatisation, their safety. The effects of the merger are impossible to disassociate from the effects of privatisation and it may be that a larger union has acted to temper the initial effects of privatisation and that without the RMT the move to private ownership would have been accompanied by even more job losses and poorer terms and conditions.

The merger between the NUR and the NUS to form the RMT focused on organisational efficiency in the area of the union which would be most affected directly by the merger, in this instance the former NUS. Prior to the merger and as a formal requirement in the merger process, the NUS had to take steps to reduce their payroll costs and the deficit in their working fund. In 1987 at the very start of the merger process 14 members of staff took redundancy and six retirements were met with the recruitment of just two new staff. Further retirements in 1988 meant that the NUS payroll costs had been reduced by £800,000 by the end of the year. In addition to specific financial targets aimed at improving the efficiency of the partner union, the RMT also utilised the opportunity for change by the formation of a new organisation. A study of the reorganisation and constitution of the organisation was set up and conducted by the Industrial Relations Unit at Warwick University. The remit of the study was across the entire organisation and was designed to ensure that organisational efficiency was built into the new union from the outset. The project recommended adoption

of a particular structure and was disbanded and there were no provisions for an ongoing review. Nevertheless, the union did utilise the merger process to extend organisational change beyond those sections directly affected by the merger. The merger process, therefore, became a vehicle for wider organisational change.

The impact on collective bargaining at sea, following the creation of the RMT is extremely difficult to quantify. The differential between NUMAST rates and those negotiated by the RMT have narrowed slightly and this may suggest a relative increase in bargaining power. Nevertheless, the unions have failed to prevent the growth in job losses continuing into the 1990s and the continued casualisation of shipping employment. An argument can be made to suggest that both RMT members and those belonging to NUMAST have benefited from the merger because it has helped to slow the decline of British shipping. However, neither union claimed in their evidence to a Parliamentary Committee (1995) anything other than the continued decline of the UK industry which could not compete globally with flags of convenience and unfair competition.

## **Communications**

Two industries which employ workers in both the public and the private sector are now considered, the Communications industry and broadcasting. Whilst major employers operating in the public sector remain, they are increasingly subject to private sector competitive pressure in key areas of their service provision. As a result, and in order to protect their competitive pressure public sector employers in these industries have been obliged to adopt the prevalent practices and initiatives that their competitors have chosen

particularly in relating to managing people and employee relations. The influx of private sector practices means that the majority of employees within the industry are either employed directly to a private sector employer or contracted to work for a public sector provider under a contract for services. A minority of employees in each industry are employed directly by the state or agencies of the state and even then there are many similarities with their counterparts in the private sector in terms of the terms and practices under which they are employed.

The communications industry has been affected by two major trade union mergers in recent years. The merger between the Union of Communication Workers (UCW) and the National Communication Union (NCU) to form the Communication Workers Union (CWU) in 1995 involved all non-management grades in the British Telecom and the Post Office (clerical, engineering and operating staff). The Society of Telecom Executives, representing managerial grades in British Telecom entered a federated structure with the IPMS, CMA and Halifax Building Society Staff Association which was formally endorsed by the union's 1996 Conference. Later that year, managerial grades in the Post Office, represented by the Communication Managers' Association also opted to join this federated structure.

These mergers, involving both the employees and the managers, have the hallmarks of consolidatory action aimed at preserving the union's influence when faced with a hostile operating environment. Both Telecom and the Post Office had seen huge job losses in the industry in the late 1980s as British Telecom faced the rigours of the market as a private company and as the Post Office faced impending privatisation. The combined membership

had fallen by almost 30% between 1985 and 1995 almost entirely as a consequence of job losses in the sector (this figure takes no account of the unions' efforts to increase membership amongst other suppliers in the industry).

The main reasons for the merger between the UCW and NCU were identified in a report compiled by Lord McCarthy on behalf of the unions. The changes to the telecommunications industry both in terms increased competition and the introduction of new technology, were identified as heralding a hostile business environment placing jobs under threat. McCarthy concluded that many new Telecom businesses would emerge, recruiting ex-BT employees but without union recognition rights. Membership levels would therefore decline. Project Sovereign at British Telecom alone identified 30,000 jobs to go between 1990 and 1993 (during the time of the merger discussions). McCarthy identified a merger as one way for the unions to consolidate their position before membership decline eroded union influence.

All the unions anticipated greater market pressures in the near future. In telecommunications, the deregulation of the market allowing a range of other providers access to the BT network and the growth in the mobile phone business, combined with the Company's exclusion by Government from the cable entertainment sector, all posed a threat to members' jobs. In the Post Office the lingering threat of privatisation was still in the background and management were forced to import organisational features such as team working and flexibility in order to preserve the monopoly in a standard nation wide postage delivery service. (This lay at the root of the long running dispute in Autumn 1995.) Faced



with these pressures combined with major innovations in technology which destroyed jobs in both industries the unions opted for a strategic merger to consolidate their position within the sector. Whilst the employees opted for the security of cross-sector representation, managers looked to consolidate their position and preserve occupational representation by opting for a federated structure with other managerial unions.

The survey suggested that the formation of the CWU had a major impact on both BT and the Post Office. Seventy five per cent of eligible staff were union members and both companies had a strong history of working with the trade unions. Both were generally supportive of the merger and anticipated a more professional union, more representative of its members and with more appropriate (less diverse and flatter) bargaining structures. Minor reservations were expressed by the Post Office management that the merger might result in a more powerful and effective union presence, in which the influence of full-time officials was less and there was more power resting with local shop stewards.

The effect of the merger on power relations is complicated by the fact that there were huge job losses and deregulation in the sector and the threat of privatisation in the post office.

Within this environment maintaining the status quo in management/union relations may demonstrate increased union power resulting from the merger. Managers claimed that the mergers had had no notable effect on industrial relations in the sector other than the move to a more simplified bargaining structure in BT was conducted in conjunction with union moves to merge. In terms of pay in the sector however, Iain Vallence, of BT, told the Trade and Industry Committee in September 1995, that the union had succeeded in securing rates

far higher than those paid in the public sector (but this is probably more a feature of privatisation and huge profits than union strength). Both employers commented that union density post merger remained constant indicating that the union had succeeded in retaining membership other than those resulting from job losses. Although the unions did not manage to oppose the anticipated job losses effectively and neither employer reported any difficulty in reducing the size of the workforce, the prevalence of voluntary redundancy, the age profile of redundant employees and the severance terms negotiated indicate that, arguably, the union retained sizeable influence during the job losses programme.

The relative stability in employee relations and density post merger in BT suggests a consolidatory merger may have been successful in shoring up existing levels of membership in BT. Moreover, BT reported some extension of scope in the bargaining agenda post merger. Equal opportunities, stress management and pensions were all identified as prominent areas of union interest and activity and improvement to these terms became a prominent feature of union pay claims for the first time during the merger discussions. This may, of course, reflect additional resources being directed to these areas by the union, legal decisions relating to pension rights, part-time working and employer's liability for stress amongst the workforce may have had an impact on bargaining policies in these areas. There can be little doubt, however, given the phenomenal level of change within the Company that the union is in a less influential position than when the BT was a public sector employer. The Board's willingness to satisfy shareholders and customers has effectively limited union influence to employee relations and the management of change within the Company. Nevertheless, the preservation of membership levels and influence over pay and

bargaining, indicates that the union has managed to protect a positive role for itself despite major job losses, private sector disciplines and rapid change in work practices. If the merger may have helped to consolidate the union's position in BT, it has been less successful (at least so far) in providing a springboard for growth in the other emerging telecommunications companies. Recognition in the two largest companies (although small in comparison with BT) Mercury and Orange Communications have not been secured and over 95% of the NCU's membership in telecommunications is still employed by BT.

Whilst the stability of employee relations in the Post Office post merger also may suggest that power relations are stable (and may indicate an increase in union power) the rapid change in working practices post merger may indicate that management have increased their influence. The outbreak of industrial action in the summer of 1996 revealed that the power relations issue was still largely unresolved as the union and management clashed on team working, flexibility and pay, and the union executive felt confident enough to reject an agreement recommended by Alan Johnson, the General Secretary. This may be indicative of a more confident union able to draw on resources from outside the sector to support industrial action for the first time. The impact of the merger and the effect on power relations in the Post Office were illustrated by the struggle with the Major Government over privatisation in the Spring of 1995. A well-orchestrated campaign focused on customers and businesses was instrumental in preventing the privatisation of the Post Office later that year. The campaign demonstrated that outside the bargaining arena the increase in resources and support following the merger can enable the union to make a bigger impact with the media.

The 1993/4 campaign against privatisation run by the union pre-merger, for example, was much lower key and not as well resourced and, therefore had little impact outside the union.

The union reported that the impact of the merger outside bargaining was significant. More MPs at home and in Europe had been sponsored and the union had a greater level of representation on industry wide bodies and at the TUC. The merger also had a positive impact on the level of services provided after the merger in areas such as education, publicity and research and in the range of personal services such as credit cards and car insurance which became available to members.

Decisions by the two managerial unions, STE and CMA, to join a federated structure with the IPMS stemmed, they reported, from a desire to maintain independence whilst realising some of the benefits of economies of scale available to a larger organisation. Under the terms of the Federation, merged centralised services in areas such as research, pensions, and membership benefits are pooled and the unions retain separate identities, executives and conference arrangements. Both British Telecom and the Post Office told us that they have continued to negotiate with their managerial unions in the structure and over the same issues as they did following the re-organisation. The net effects of involvement in the federation are once again difficult to gauge, as the years preceding the re-organisation were ones in which the managerial grades in both organisations were placed under enormous pressure. Over 12,000 middle managers in British Telecom were removed from the business following privatisation and a new system of appraisal and performance-related pay (on which the union balloted for industrial action in 1994) were both introduced. In the Post

Office, although not as dramatic, the managerial structure has been reformed. Lower managerial tasks were devolved to operators and, as a result, layers of management have been stripped away. The Post Office estimate that over 1,000 management grade positions have been cut since 1995.

The net effect of involvement in the Federation is, therefore, difficult to assess. Unlike a formal merger the Federation will have no impact on the bargaining structures of the organisation and will not lead to an influx of resources (other than from money saved by pooling central resources). Nevertheless the employers reported that there had been little change in the scope of collective bargaining, the issues on which the union were asked to contribute and the level of union density. All of these suggest that whilst unable or unwilling to tackle job losses from its area of recognition, the union has been able to secure a degree of influence in the employee relations forum. Whether the union has managed to demonstrate success in the forum is questionable, given that British Telecom have introduced post privatisation, a range of reforms which the WIRS survey suggests unions have generally opposed. A new appraisal system, multi-functional managers, single table bargaining, and downsizing have all been introduced successfully. Performance-related pay, which effectively distanced the union's role in bargaining brought the union to the edge of collective action from which it subsequently backed away. Again the degree to which this bullish style was determined by operating as a private sector employer is impossible to determine. The scenario may simply reflect a position where the preservation of a role in a private sector environment illustrates that the union's power has increased, but the freedoms offered to a private sector operation has meant that managerial power has increased to a

greater degree.

The decision by the managerial unions to enter a federated structure was led overwhelmingly by the general secretary. The NEC was divided on the issue of whether to pursue the initiative. Members, activists and officials were largely uninvolved in the decision. As we have identified the motive to merge stemmed from market pressures. The unions indicated that they aimed to economise in the face of falling membership and rising expenditure by pooling their resources for the provision of common services. Through merging union services, it was hoped that the union would realise economies of scale whilst retaining its identity and independence. As a result joining the federation has had no discernible effect on extending union power in negotiations other than contributing positively to the union's financial position. Nevertheless, both unions reported that the range and scope of influence had survived in a period of rapid change in both Telecommunications and at the Post Office, and the structure of the trade unions may be a contributing factor to this. Moreover, the merger has had a demonstrable impact on extending the provision of services to individual members and a much wider body of car and home insurance, preferential loans, holidays and mortgages are now available to managers. The unions have also secured access to sponsored MPs, that prior to involvement in the Federation, they did not have. At first both unions simply inherited the political team sponsored by the IPMS, but last year this was expanded to represent the greater range of members and occupations included in the Federation. The federated structure has also set up some mechanism for co-ordinated action within Brussels. During the campaign over post office privatisation, it was reported that the CMA was able to use these channels to support

the more vocal campaign being launched by the larger union.

The creation of the Communication Workers Union followed a pre-merger review of structures, services and economic environment prepared by Lord McCarthy. The merger was initiated by the General Secretaries in both unions together with senior officials and executive members. In his report in 1994 McCarthy recommended the formation of working groups to involve activists in the merger process. Each working group was to review a range of specialist tasks including structure, services, names, membership services etc. During the merger process, when both unions had given authority for a merger to be explored, a new joint NEC met on a bi-monthly basis. It consisted of the two General Secretaries and eight EC members from each partner. Bill McCarthy acted as a facilitator for the Committee. Initially the working group, as it became, looked at establishing co-operation in education, pensions, research, childcare, legal aid, union services, EU representation, activities within the Labour Party and the TUC and the Postal Telegraph and Telephone International. This was followed by establishing separate sub-groups to examine co-operation between the parties in each specified area. These were called efficiency review groups. Fourteen efficiency review groups were set up consisting of activists. At the second stage of the process more activist review groups were formed to consider the structure of the new union, the EC, union officials, structure below HQ and above branches, conference, the union name, the rule book, legal services, membership services, finances, the political fund and constitutional safeguards. The integration of the branch structure was identified as an area to be dealt with on a local basis and then to be reviewed at a later date. No integration of branches was proposed in the short term. It was hoped that by pursuing a series of joint

initiatives at a local level the integration would be facilitated and emerge naturally to some extent.

The NCU efficiency review process was very structured and well organised. The role of an independent facilitator should have ensured that the groups were not constrained by their proposals by the way things had been organised previously. The process was aimed at reviewing all aspects of union services and structures to secure the maximum range of benefits for the new membership. However, the review process conducted by activists was not an ongoing process and as soon as groups had reported they ceased to meet. The groups were not used by the new union as a means of ensuring a regular efficiency review but simply to integrate the two separate structures.

If the process had a weakness, it was that the structural organisation of the regions and branches was delegated to local officers and members who, as we have seen, may be likely to feel threatened by the union and preserve the regional management and branch structure. It may be that opportunities for rationalisation have not been realised. The new body shied away from regular reviews of the branches and regions and instead left it up to local areas to complete the merger at a local level. Not unsurprisingly, two years after the merger the progress of integration outside the centre was limited.

The review process was a genuine structured and well-organised attempt to integrate two partners efficiently, to realise economies of scale and ensure that the services and structures were not duplicated. The review was well orchestrated and the fact that it was conducted by



an eminent outsider attached a degree of importance to its findings. Nevertheless, in effectively opting out of the review of the regions and branches it may be that vital areas of efficiency savings were missed. The decision not to have a provision for regular reviews may also constitute a missed opportunity because it may facilitate slippage from the recommendations of a wide-ranging review which could have been legitimised by both timing and the appointment of an independent person to oversee the project..

## **Summary**

Efficiency reviews have not been a feature of developments in the Federation. Where services have been merged this has been left up to individual departments to arrange without any membership involvement. So far the amalgamation of services has concentrated on administrative measures such as sharing premises and facilities or reviewing processes to avoid the duplication of work. There are no structures in place for an ongoing efficiency review though the functions would probably benefit from one given that the review of services conducted when a member joins is simply a pragmatic response to share facilities and avoid duplication. In essence, it will only address properly the more obvious of the efficiencies available. This may of course stem from the fact that the project team seeking opportunities for rationalisation are likely to be those with the most to lose from the exercise.

## **Television and Broadcasting**

Like the communications industry broadcasting and television stretches across the public/private sector divide so that although the majority of the employers operate firmly

within the private sector, publicly funded broadcasting is still a major component of the industry though one that is increasingly adopting the commercial practices prevalent amongst its main competitors. Trade union mergers within the industry during the period were limited to the integration of the merger of ACTT and BETA a classic consolidatory merger in which the two occupationally based unions sought to rationalise their organisational structures in the face of major change in the industry. The deregulation of the sector in the mid to late eighties, under which the dominance of the traditional ITV companies was broken and under which an entire range of new, independent production companies could develop, posed new threats for the unions. Even in the areas with a history of strong union representation like the BBC, the creation of internal markets and a wave of contracting out in production work led to the rapid expansion of contract working and flexible contracts. Staff traditionally employed on a retained basis by a Company or organisation which would retain their services and use them on a variety of productions were taken on under short term, project based contracts, without the guarantee of future work. The wave of insecurity in employment was of major concern to the employees and to the union, who sought to retain members as they switched between contracts.

Within the context of deregulation the trade unions also sought to appeal to the employers in the sector by offering them a forum for recruiting their flexible project based staff and a straight forward structure for negotiating with the core workforce who remained as permanent employees. The primary advantage of the merger cited by the union in the survey was that all grades and occupations could be represented by a single body and the union could offer any employer *"clear and sensible negotiating arrangements with a single*

*union*". Thus, the union sought to preserve its position within the sector by responding to the imposition of flexible working by developing a more flexible structure through which to negotiate with employees retained by the company and those working under contract. As well as developing simplified bargaining structures to replace the complex and separate arrangements which previously covered different occupations, the union also sought to negotiate "going rates" for staff under contract to simplify and standardise negotiations when staff were being selected for a new production.

There were undoubtedly benefits in terms of economies of scale for the unions from the merger. The two merger partners were separately strong in very different areas of the industry. BETA was the primary union at the BBC and for freelance workers in independent film and tape productions (under the PACT/AFVPA agreement). ACTT, on the other hand had important agreements in film laboratories, ITV companies and the Society of West End Theatres. The merger, in consolidating two distinct spheres of influence within the industry, sought to consolidate the influence of unions in the sector but not to expand outside the primary, industrial sphere of influence.

The 1980s was a period of rapid structural change in the sector as a consequence of deregulation. Major employers in the industry moved away from a core workforce producing programmes as a wave of cheaper independent production companies flooded the market. In a desire to remain competitive all the companies reduced their workforces and replaced stable permanent employees with contract workers on flexible contracts.

The effect on traditional bargaining structures was to limit their application to fewer employees and to place traditionally unionised technical occupations outside the scope of collective bargaining. Where companies did continue to produce their own programmes, staff were employed on contract for a specific project and then laid off at the end of it. In many ways, the employment patterns which had traditionally been apparent in the acting profession were extended to technical and production staff in television who had always enjoyed more permanent employment. By 1993, the majority of the membership of the broadcast unions was self-employed and the union set up a whole range of services, including comprehensive tax and legal advice and an employment agency, in response. As well as changing the traditional patterns of employment in the sector, the intense competitive pressure also encouraged employers to tackle the removal of stable employment and employment protection head on. During the late 1980s a wave of derecognition and confrontation with the trade unions spread across the sector, the most visible example of which was a lengthy strike by technicians at TV-AM in 1988. In common with the other sectors where the structural change in employment policies was dramatic and hostile to collective bargaining, it is difficult to ascertain the effect of the merger in constraining the move to flexible working and in ensuring that a degree of employee protection was retained. Employees in the large unionised companies have retained pay rates and conditions in advance of the contract staff and the move towards very flexible working has been less severe, however, it is also true that union influence in its traditional areas of support has lessened because these areas employ fewer staff. The fact that the massive casualisation of the sector has resulted in over half the union's members being self-employed contract workers, is no testament to the merged union's ability to halt

the move to contract working. However, the fact that these employees have by and large retained their membership indicates that the union still plays an important role in bargaining by creating a framework and providing information for members to bargain their own contracts.

Given the development of flexible, contract working and the loss of jobs and membership from the traditional employers the merger was, at least as important as a response to sectoral developments as an attempt to extend influence. During 1989-91 core, full-time and permanent employment at the BBC declined by almost two thirds as flexible working expanded. Similarly, whilst the industry in the late seventies was dominated by the major ITV channels and the BBC by the late 1990s, it was estimated that there were over twelve thousand, different production companies that had made programmes for either the BBC, the ITV companies or Channel 4.

The traditional employers in television and broadcasting reported that the union merger did not make any difference to power relations in the sector. Peter Graham, Personnel Controller at the BBC, told us that there was "*no discernible difference*" in collective bargaining as a result of the merger. Since each union had a readily definable sphere of influence within the industry and continued to represent the same crafts and professions, this may have supported the view that the merger did not have any effect. Historically BETA represented employees at the BBC and ACTT represented those working at ITV. This arrangement did not change post-merger. The survey confirmed that neither the BBC or ITV anticipated any change arising from the merger and therefore expressed neither

support nor opposition to the development. However, these responses may disguise the fact that the merger had a significant impact on trade union power particularly in the BBC and ITV companies. Immediately prior to merger was the major wave of deregulation in the sector that posed a major threat to both unions in terms of recognition and influence. The union has managed to retain a significant level of membership amongst the self employed. (Self employed membership currently stands at around a third and has risen dramatically since the 1980s.) In the BBC, where 35% of technical, professional, administrative and clerical grades were represented, there was no change in membership density post merger despite the significant fall in both employees and members and despite the impact of the internal market reforms under which much of the production was contracted out to external producers. Following the merger, the BBC reported that the proportion of union members in the workforce remained constant and the scope of collective bargaining remained the same, albeit that the structure was simplified and negotiations covered different occupations together instead of separately.

Given the labour market developments, casualisation, contracting out, the growth of non-union employers in the sector and the loss of jobs from traditional areas of strength, the union has done well to retain its membership density amongst the traditional employers and to develop a membership amongst the new employer and within the self employed. The union has managed to retain its level of influence and bolster its membership despite a hostile environment. This it has done by seeking to develop services to appeal to the casual employee (set rates for projects, a job shop, tax advice etc) and structures to appeal to the employer (cross-occupation, simplified bargaining). Despite major changes in the sector, all

of which should have led to an increase in the ability of employers to drive down wages and curtail collective bargaining if they had so wished, the BBC reported in the survey that the merger had had no impact on industrial relations scope, on the climate of collective bargaining, or on its own pay rates. Of course, there is a strong possibility that the employer did not choose to exploit the opportunities offered by deregulation as much as they might have, nevertheless the union must take some credit in reforming its structures to meet the needs of the business and facilitating a role for itself.

Like the BBC, ITN reported little change in their industrial relations, although the company reported that the merger had supported stability in industrial relations and a less complex bargaining structure had been implemented post merger. ITN negotiated a single table bargaining arrangement within the company prior to the merger but the employer indicated that the proposed merger had been a positive factor in this development. Also like the BBC, ITN did not identify any changes in terms of the depth or scope of the bargaining structure post merger. The merger had no direct impact on industrial relations in the organisation or the aims, or structure of the Company.

Whilst an increase in union power following the merger may be supported by preserving union influence and offering the employer a workable system of collective bargaining, there is more persuasive evidence that the union tried to expand its influence outside the bargaining process. The union reported that it had sought to extend union power across the primary and tertiary spheres of influence. Political activity, at home and in Europe was given a new prominence and extra resources were allocated and the range of personal

services (mortgages, loans and employment advice for instance) was also extended. The merger allowed the union to exercise greater influence on the political bodies within the industry. The merger led to single union representation on the Broadcast Films and Video Training Organisation and Skillset. This external activity on industry-wide bodies demonstrates the union's involvement in training and standards through which it may appeal to the self employed in the sector by offering them a way of maintaining their employability and of retaining their membership. As well as huge labour market change, the sector has been vulnerable to important technological advances notably the development of simplified cameras which remove many of the traditional skills associated with camerawork. By active participation in the industry skill and training programme the union may be seeking to preserve its influence with those members seeking to up-date or transfer their skills.

This brings the analysis of the broad impact of private sector industry on the outcome and impact of trade union merger activity to a close. As has been noted there are some common themes arising from our survey responses as well as some outcomes to particular economic or political developments across the industry in which the merger occurred. Some of the common threads will be drawn together in the conclusions when the central themes arising from responses on mergers in the private and public sectors will be outlined. To facilitate this exercise, however, some analysis of merger activity during the public sector in the period of the investigation is required.



## **CHAPTER 7 - UNION MERGERS IN THE PUBLIC SECTOR**

The study of union mergers in the private sector ended with some analysis of companies which, during the last fifteen years, have shifted from being wholly or mainly public enterprises to (for the purposes of this analysis) fully-fledged private sector operations. This alone illustrates the dramatic shifts in organisation and employee relations that the public sector has seen in recent times. This final chapter analysing responses to the questionnaire survey examines merger activity in the public sector. Here there have been significant changes in collective bargaining as a result of trade union relations moving to centre stage in government policy during the period of the study.

Due to the decline in union membership in private sector companies, union membership in the public sector now accounts for the majority of trade union membership in the UK. The scale and range of union mergers in this sector is an indication of the financial pressures on trade unions arising from contracting public ownership and increased privatisation, very tight public spending limits during the period of our study and a Government generally hostile to the practice of collective bargaining and trade unions. As the Government has sought to make reform of the public sector (through privatisation, the move to Agency status for some Government functions outlined in the Next Steps initiative, revised funding arrangements and a huge contracting out initiative in local government), a flagship policy this has had important ramifications for trade unions operating in the sector.

Union mergers in the public sector have generally fallen into one of two types. Small, independent staff unions facing a decline in membership (and unable to respond to the more sophisticated range of services demanded by their members) have sought to secure their position by joining larger unions offering a greater level of financial security and a more complex range of services. As public sector job losses and the threat from privatisation /contracting out has grown across the sector some larger unions, most notably NALGO, NUPE and COHSE, have merged in order to preserve their dominance in the sector against the encroachment of private sector unions increasingly developing a significant foothold in the sector as a result of some of the initiatives. Moreover they have sought to extend their influence by identifying themselves as the key organisation for the representation of NHS and local Government employees.

The late 1980s was a transitional phase of industrial relations in the public sector, not least because unions were increasingly representing members who had transferred into the private sector through privatisation initiatives. This, combined with the financial pressures meant that industrial relations in the sector changed rapidly. Developing mergers and increasing inter-union competition were just two of the ways in which unions responded to the major changes in the public sector policy and a general hostility to unions within Government. The structures of employee representation in the sector, union bargaining techniques and strategy may have been affected in a number of ways as public sector employers have had to implement privatisation and market testing employees have had to face the rigours of open competition. For example, WIRS (1992) shows that the privatised utility unions placed increasing importance on job security agreements and enhanced

severance as employers cut back on the number of directly employed workers in the organisation. The survey also reveals that unions were increasingly interested in bargaining on basic and enhanced pay issues, since for the first time unions were able to link pay claims to profits in the newly privatised firms.

This section of the study considers union mergers and their effect on trade union power in all the major elements of the public sector including central government, education and the health service. At the close of the section there is a brief overview of the internal union efficiency reviews that have arisen from merger activity in the sector and the anticipated outcome of these. However, I begin with an assessment of the impact of mergers on collective bargaining in local government where the major initiative affecting employee relations during this period was the legislative obligation on councils to put key services out to tender.

### **Local Government**

The most important and influential union merger of recent times is the merger between the three major public sector unions, COHSE, NUPE and NALGO, in July 1993. NALGO, the trade union representing white collar staff in local Government and the health service and COHSE and NUPE which represented blue collar workers in similar areas, all initiated merger talks in 1992. The survey conducted for this study showed that support for the merger was widespread, concentrated in the General Secretaries, NECs and union officials centrally in the three unions with some scepticism of the move amongst regional officials and activists. The merger was essentially an exercise in consolidation of the unions' position

in an increasingly hostile environment for trade unions in the public sector. Privatisation and compulsory competitive tendering of public services had placed financial pressures on the unions. These pressures were more acute in COHSE and NUPE which were relatively smaller and where the decline in membership was more pronounced, but NALGO too had suffered a significant fall in membership. In our survey the respondents reported that the other major reason for the merger was the desire to secure an improved bargaining structure in the face of a co-ordinated move to local bargaining in the sector. The merger was intended to unfreeze resources so that the union would be better placed to devolve the skills and experience necessary to conduct collective bargaining locally.

The merger process to create such a large trade union was lengthy and complex. A joint NEC was elected and a new rule book and constitution drafted before the merger was confirmed formally. The integration of a branch structure has made very little progress since the merger and, although, some progress on the merger of union services has been made, services are still organised separately for the components of the merger. A single head office has yet to be designated and, at present, the union has retained the ex-COHSE and ex-NUPE offices in addition to the main Unison offices. The ex-NALGO HQ has become the union's South-East regional office and in the South East and elsewhere the office structures have been rationalised and several offices have been placed on the market.

Membership in UNISON has stabilised at approximately the level of the three component unions at the point of merger. The integration of the branch structure is ongoing but the network has already been reduced. The number of full-time officers in the union has

decreased as a result of a 20% reduction in union staff immediately following the merger.

The level of services offered to original members has remained largely static but the quality of financial services available was improved as a result of the merged union developing its own insurance company with the Britannia Building Society. UNISON has expanded its political activity post merger and sponsored between 60-70 MPs through a separate affiliated political structure. The union retains a European officer and is active in lobbying the European Parliament.

The effect of the formation of Britain's largest trade union on bargaining and on employers is difficult to quantify. The range of influences upon bargaining in the sector, the response of union's to revised funding arrangements, tendering and privatisation make it difficult to isolate the determinants of any one influence. Prior to the merger NUPE was responsible for representing manual grades in local government including home-helps, cleaning staff and care workers, whilst NALGO represented the APT and C monthly paid grades in local Government. Traditionally union membership and density have been high and, in contrast to the decline in union membership in the private sector, in the public sector union density tended to be stable in the eighties. The responses from employers indicated that density was roughly half the workforce (40% density was quoted by Liverpool City Council whilst Hammersmith and Fulham Council quoted a density level of 50%).

Negotiations were generally conducted at a national, Whitley level and led by national officers of the union. The facilities afforded to the unions by employers were comprehensive. Liverpool City Council, for example, provided stewards with time-off

facilities, offices and check off. NUPE were allowed a full-time convenor and three part-time staff to service 3,000 members. NALGO had five full-time stewards for 6,200 members. In other cases lay representatives were allowed three hours a week facility time. At Hammersmith and Fulham, union representation was resourced by four full-time convenors, one full-time senior steward and two senior representatives, one based on 80% facility time and the other on 50% to serve a combined NUPE/NALGO committee for integration of representation structures.

Reaction to the proposed merger produced a fairly common set of concerns on the part of local Government employers. All the respondents feared that the new organisation would be more powerful and pursue a more diverse bargaining agenda. That this would lead to more industrial action by a union less representative of the workforce was a common concern. In addition, one council indicated that the merged union would lead to an upsurge in power for local stewards as the influence of union officers decline. Another council mentioned that factionalism based upon old union loyalties was likely to be a problem in the short-term.

Stability in industrial relations, and a move towards less complex and more appropriate bargaining structures were the most popular anticipated benefits of the merger. This is demonstrated by the decision by Hammersmith and Fulham Council to review union facilities with a view to supporting the new union structure. One Council specifically mentioned that the merger would be accompanied with a move towards single table bargaining, single status employment and a move to integrate the terms and conditions of the manual and clerical groups. Another council mentioned that integrated representation of

employees in one body meant that there would be less need for the provision of facilities such as time off. The responses of these employers suggest that the merger facilitated a trend towards structural reform of bargaining in local Government. The WIRS survey conducted in 1992 showed that the move to single table bargaining and single status was well advanced in the sector despite union opposition by 1995. When IRS surveyed bargaining arrangements in the sector, they recorded widespread structural change in representation (IRS 1995). Employers reported that post merger the unions were more realistic in relation to CCT, that pay bargaining had successfully been devolved to DSO level and that formal appraisal systems for both manual and white collar staff were almost universal. Such evidence suggests that the concerns expressed by employers that the merger would facilitate an upsurge in union power did not impede (indeed it may have assisted) structural change in bargaining. However, it may be that the range of expertise and the flexibility in union structures afforded by the merger may have assisted the union in maintaining wages and securing enhanced severance payments for its members. The IRS survey (1995) reported that the majority of redundancies highlighted by the survey were voluntary and that only eight authorities in the UK had a policy of compulsory redundancies. Authorities reported real improvements in pay over the last 12 months and greater flexibility in non-pay benefits. However, the largest employer in local government in the UK, Strathclyde Regional Council, did not report any change in employee relations arising from the merger in the survey conducted for this thesis. It reported that since NALGO and NUPE members in the Council would be represented by separate branches there would be no discernible differences arising from the merger.

Following the merger, all the respondents reported that union membership had remained constant indicating that the unions had managed to consolidate their position within the sector. The employers suggested that the structural change highlighted by the IRS survey was linked to the merger. Liverpool Council reported that bargaining arrangements had been affected by the merger. It reported that the harmonisation of terms and conditions and the move towards single status had been a direct response. The Council reported that the move had had a positive effect on the climate in which bargaining was conducted. Similarly, Hammersmith and Fulham reported that they expected benefits to arise from the harmonisation that they were hoping to introduce in response to the merger in the near future.

Just as the formation of UNISON had a cultural dimension in local government where blue and white collar workers had enjoyed very separate representation and bargaining arrangements prior to the merger, this was also reflected in the impact of the merger on bargaining in the NHS. Here although the merger formalised the joint working arrangements already in place between NUPE and COHSE members there was greater cultural opposition to integrating members formally represented by NALGO. As a result the NHS bargaining arrangements shifted little in contrast to the move to single table bargaining that characterised the effect of the merger in local Government.

### **Health Service**

Similar to local Government the creation of UNISON in the Health Service occurred at a time of major change in Government policy in the sector. The Government NHS reforms,



which effectively devolved pay bargaining for most employees to the level of individual hospital or workplace, had a huge impact on the bargaining framework which has confused the overall impact of the UNISON merger on collective bargaining. The creation of Health Authority Trusts, charged with providing healthcare across a range of newly, established and competitive markets, combined with the attempt to devolve the determination of terms and conditions to the local level meant that there was a move to reform bargaining arrangements in the health sector independent of the union merger. A policy aimed at promoting separate initiatives on employment resulted in a wave of casualisation and flexible working in the healthcare sector and greater reliance on contract staff operating under service agreements. Devolved bargaining on terms and conditions (a logical extension of the structural re-organisation) was successfully introduced for most support staff in the Trusts (although at the time of writing, still partially resisted by the nurses). The radical move to detach NHS employees from nationally determined policies, procedures and terms and conditions effectively led to a huge degree of change in NHS employment. Trusts initiated local bargaining across the full range of terms and effectively destroyed the national pay structures and guarantees of job security. Whilst the impact of the union merger is unclear, it is nevertheless apparent that huge advances were made by the employers in relation to the introduction of casual and flexible working, reducing the workforce numbers and devolving bargaining arrangements. That said, the move towards devolved bargaining and flexibility in this sector was not accompanied any attempt to derecognise the union or indeed limit or curtail its role in the representation of staff. No alternative forums for consultation or representation were investigated and collective bargaining remained at the heart of industrial relations in the sector.

It may be that the formation of such a large trade union with cross sector representation could have deterred derecognition, but employers generally reported that the merger had little impact on bargaining arrangements or agendas. Employers claimed that they could not identify the impact of the merger when the pace of structural change was so great. That said, one indication that the union had some success in preserving an important role within the structures is apparent from the evidence on union mergers and trade union facilities. The move to local bargaining was not accompanied by a reduction in union membership or a curtailment of facilities. Union density was reported to be reasonably high (at about 50%) and most authorities/trusts provided time-off and office facilities to union representatives. Where employers did identify a disadvantage arising from the merger this was largely to do with the maintenance of complex bargaining arrangements post-merger. Union representatives formerly from NALGO sought to preserve separate bargaining arrangements from colleagues from COHSE and NUPE after the merger. Employers also expressed concern at the access to professional support and resources that the new merged organisation could now afford in contrast to their own resources which had been limited with the move to localised bargaining.

The WIRS survey showed that the move to single status employment and single table bargaining had been far slower across the sector than in local Government and in the survey employers reported that there had been no change in the bargaining structure since the formation of UNISON. Whilst COHSE and NUPE had traditionally worked closely together in co-ordinating bargaining separate, arrangements had by and large been maintained. There may be several reasons why developments in the NHS are not as

advanced as those in Local Government. The survey indicates that structural change in Local Government was underway prior to the merger between the three unions. There were strong legislative pressure on unions in the sector and the unions had traditionally had entirely separate bargaining arrangements. In contrast, COHSE and NUPE represented the same categories of staff and had a history of co-ordinating and co-operating without the same bargaining arrangements. Many of the flexibilities available through structural reforms may have been in place already as a result of informal arrangement.

The other merger which occurred in the health sector was that between the Health Visitors Association and the MSF. A move through which the smaller union aimed to preserve its influence and maintain membership. Following the merger, membership in the Association remained broadly constant. There was no report of any structural change in bargaining as a result of the merger and, although the union reported that it negotiated across a wider range of issues following the merger, this was not confirmed by employers. For members of the Health Visitors' Association whilst the services available remained broadly the same there was some improvement in quality post merger. The Association reported an increase in their political involvement, both domestically and within the EU. It had not sponsored any MPs or participated in lobbying at all prior to the merger.

The moves towards devolved bargaining and contracting out of support services, which were a feature of collective bargaining in the health service and local Government, were also a feature of the civil service. Here the Government pursued a move to smaller bargaining forums through creating government agencies separated from host Departments.

In addition, a programme of market testing was conducted under which managers were encouraged to contract out a specified value of support services. In contrast to the unions in the health service and local government who were able to conduct a merger across all their organisations in the civil service merger activity excluded the largest trade union, the CPSA. Until very recently the CPSA chose to preserve their independence from the initiative launched by their colleagues in middle management grade (NUCPS) and the Inland Revenue (IRSF).

### **Civil Service**

The merger between the Inland Revenue Staff Federation and National Union of Civil and Public Servants (NUCPS) in 1995 created the largest union in the civil service in response to the creeping fragmentation of the Government Departments within which they organised. The new union resulting from the merger, the Public Services, Tax and Commerce Union (PTC), has 150,00 members and became the tenth largest union in the TUC. Merger talks between the two partner organisation started in 1993. The two merger partners reflected very different traditions, The IRSF was a “departmental” union organised solely within the Inland Revenue. In contrast, NUCPS, itself the product of a merger in the 1980s was a general union representing junior and middle managers. The merger process was initiated by the NUCPS and the IRSF were initially sceptical of the move (particularly union members who were concerned about protecting the stronger financial position of the IRSF).

Both unions reported that the General Secretary of NUCPS was of primary importance in the merger process and that he was closely supported by the General Secretary of the IRSF

and NECs and officers in both unions. The union activists and membership were, according to the unions relatively unimportant in the merger process. The reasons underpinning the decision to merge were noticeably different between the partners. Although there was a financial dimension to the decision in both instances, the decision of the IRSF was focused far more on consolidating a position and developing new areas of recruitment, whilst NUCPS highlighted the importance of responding to devolved pay bargaining and organisational fragmentation by tapping sources of greater expertise.

For a merger involving a large number of members the merger process has been relatively straight forward. Informal discussions on a merger resulted in a discussion document "Working Together" which was endorsed by the Executive Committees of both unions in March 1993. The paper proposed working jointly in relation to three distinct areas: services to members (pooling resources in the advisory functions, research and health and safety), campaigning (a joint campaign against the extension of privatisation and market testing was organised) and relations with external bodies (such as the Public Services International and the TUC). The IRSF and NUCPS also built up a joint understanding of how they managed internal bureaucracies and democratic processes. *"The moves eventually highlighted the benefits of a potential merger"* John Sheldon, joint General Secretary of the PTC, told Employment Trends in May 1997.

An "Instrument of Amalgamation" setting the precise steps to create the new union was formally approved by members during the 1994 Conference and a rule book for the new union was agreed prior to the merger. Shortly after the merger was approved the new union

set up a joint 32-strong NEC and set about merging union services. The discussion on the structure of the new union proved to be one of the most controversial aspects of the merger for the IRSF Executive. There was concern that the IRSF had been rooted in a single Department whilst NUCPS had cross-Departmental representation. There was also concern over the fact that NUCPS had been running at a deficit for several years whilst IRSF had substantial financial reserves. These concerns were to be addressed through the adoption of a sectional structure for IRSF members within the new organisation. The Inland Revenue Group was to have its own Executive Council, rule book and conference and it would contribute 14 representatives to the 30 strong Executive of the PTC. The IRSF structure of offices, branches and regions would be retained. To address concerns over union finances, it was agreed that key IRSF personnel would be appointed to financial positions in the new structure and that no former IRSF funds would be used to pay debts incurred by the NUCPS. A substantial proportion of IRSF assets were ring-fenced to ensure that they could only be used by the new Inland Revenue body. It was agreed that there would be no increase in membership subscriptions as a result of the merger until it was proposed and agreed by the joint PTC Conference.

NUCPS also instigated some key changes in advance of the merger. The union examined the number of full-time officials it employed and made the decision to replace some senior personnel with negotiating staff to reflect the devolution of bargaining within the Civil Service from a national level to an Agency or Departmental level. The union also undertook some financial reforms and managed to record a surplus in 1995.

In the summer of 1994 IRSF officers and Executive Committee members ran a series of regional workshops to promote the merger proposals. A Special Delegate Conference was held in February 1995 and the merger was approved at the union's annual conference later in the year. Academics from Templeton College in Oxford were asked to design and deliver training to assist the new union officer's plan for the new organisation in June 1995. The training established key responsibilities within the proposed structure, established financial systems and budget controls, investigated potential savings from economies of scale and put in place a recruitment strategy for new members.

The training also considered the reconciliation of cultural differences between the two partners, the identification of key union objectives and the setting of bargaining aims. A mission statement was drafted for the new organisation. Members were balloted on and approved the proposals in the autumn and the new union came into existence on 1 January 1996. Arrangements for a single headquarters are, at present, ongoing. The integration of the branch structure has not yet been implemented although the first stage, that of bringing all branches into a single geographical area, has been completed.

It is too early to consider how the merger has affected the bargaining agenda for negotiations or the levels of membership in the union. The merger has only recently been finalised and to all intents and purposes the component unions have continued to negotiate as separate entities. Given that the unions represent employees in very different environments, the scope for the merger to have any impact on the structural framework for bargaining appear limited. At this early stage, it is difficult to quantify any changes in the

number of full-time officials, political influence and the integrated range of individual union services arising as from the merger the merger. What is apparent however is that some voluntary redundancies have already resulted from the merger and the new union is negotiating an extension in membership services.

Although not strictly a union merger the move to a federated structure by several managerial trade unions has been included for reasons that we have outlined previously. The fact that an amalgamation involves members in a degree of common funding of services, cross financing and joint political lobbying activity combined with the fact that the amalgamation also offers the opportunity for federation members to orchestrate an efficiency review means that the federated structure has much in common with a formal merger for the purposes of studying the impact on trade union power. The civil service union representing professionals and specialists, IPMS, was instrumental in establishing the federated structure under which small specialist trade unions have attempted to preserve their independence whilst benefiting from economies of scale through merging their services. Talks to establish the Federation began in 1992 and so far five unions are currently involved in the initiative (IPMS, STE, CMA, FDA, EMA and the Independent Association of Halifax Building Society Staff).

The impetus for the initiative came from the General Secretary of the IPMS supported by the full time officers of the union and the NEC. Whilst the union's regional officers and membership were largely ambivalent to the initiative there was some opposition from activists in the union. The pattern of support amongst the partner organisations broadly



reflects the IPMS position. In essence the initiative was driven from the top down and the personal relationship between the General Secretaries of the initial partners cannot be understated. All three of the initial partners reported that the single most influential section of the union responsible for the federated development was the General Secretary. The main reasons for moving to a federated structure have much in common with the reasons why other public sector organisations moved to a merger. The IPMS was faced with a declining membership (primarily resulting from privatisation and market testing initiatives) and the Federation was a structure which offered a means of consolidating the union's position and appealing to new areas of potential recruitment. The federated structure also offered a way of releasing more resources to be concentrated on the demands of devolved pay bargaining whilst avoiding the need for subscription increases.

The process by which the Federation will be formally established is ongoing and the unions involved plan to put proposals for a common rule book to their respective conferences in 1996, with a view to formally endorsing the Federation in January 1997. Some integration, particularly in merging services, has been developed in advance of the formal decision to proceed. Common arrangements in research, education, computer systems, legal services and Parliamentary advisers have been developed. The Federation has also rationalised its properties setting up a single headquarters and utilising the head offices, previously used by component unions, to develop a more comprehensive regional structure for the Federation. The CMA told us that the level of integration had not yet facilitated a decline in full-timers employed but it had had a noticeable impact in allowing support staff to be re-directed into negotiation and serving members directly.

The overt impact of the Federation on bargaining power or structures will be limited. Under the federated umbrella unions preserve their independence and determine their bargaining priorities and structures directly with employers. Given the different industries in which they operate, there is no scope for integrated or co-ordinated bargaining. However, the structure should facilitate better and more economical support services such as membership records, research and legal advice and the range of membership benefits should be improved by the organisation's bigger purchasing power. The organisation might realistically expect to have more impact in the third power dimension aimed at the control of political and economical factors by pooling its lobbying and campaigning resources.

As we have seen, mergers in local and central government and the health service have all been linked by common threads. This is not surprising given that in relation to local bargaining and contracting out in particular, unions in these sectors were faced with common issues. The education sector, in contrast, faced a different series of policy initiatives and, not surprisingly, merger activity in the sector during this period looks very different.

## **Education**

In the education sector the main strands of national pay bargaining have been retained and there were no moves during this period to introduce private sector initiatives tendering or market testing, either directly or indirectly, into the sector. In contrast to the other areas of the public sector, there have been no moves towards merger amongst the large teaching unions during this period. Where mergers have occurred they have been tended to be on the

fringes of the teaching profession affecting relatively few members. A consolidatory merger between the Association of Lecturers in Colleges in Scotland and the Educational Institute of Scotland was designed to consolidate the position of the two bodies representing teaching staff in higher education in Scotland. The Greater London Staff Association, which was a small non-affiliate union representing some staff in educational administration in local Government, sought out a defensive merger with the GMB.

Employers reported that the lecturers' union had a significant level of density amongst all grades of teaching staff, between 50-80%. The employers provided a wide range of facilities including offices and time-off. Strathclyde reported that, on average, the union representatives received 20 days a year time-off for union duties. Negotiations were conducted within a national framework covering conditions of service, structure and final salaries. Guidelines were implemented locally and the discretion which councils could afford in relation to grading structures meant that there was some flexibility in the implementation of agreements.

The employers were generally neutral in their reaction to the merger. No significant impacts on bargaining in the sector, however one council indicated that there was concern that the more generalist nature of the new organisation resulted in less specific knowledge of the local issues and that this might be a disadvantage. In the survey, the employers reported that the merger had had no discernible impact on the bargaining arrangements within Councils. Strathclyde reported that this was primarily because both merger partners maintained separate bargaining arrangements post-merger and, given the number of employees covered

and the ease within which negotiations were conducted, the Councils had maintained separate negotiations after the merger.

Whilst noting that the merger had no impact on collective bargaining generally, the LRC Education reported that it detected a slight hardening of the union's position in relation to pay following the merger and a slight worsening in the climate of industrial relations. The employers who dealt with the Greater London Staff Association reported that the organisation was of little significance and that its integration into the GMB had had no real impact on collective bargaining. Given that the number of employees affected by these mergers was relatively small, it is not possible to isolate the impact of the mergers from the range of other factors influencing bargaining during the period. Nevertheless, it does not appear that there was much change in bargaining structures over the period and it may be that the mergers had little impact overall.

Finally, in the Higher Education sector, the merger between NATFHE and the AAES in 1990 had very little effect on collective bargaining within the profession. The merger was effectively the formal recognition of a joint membership agreement that had operated for many years. In return for 50% of their subscriptions AAES members, who are lecturers in post-school education (differentiated from other NATFHE members only by what they teach), were afforded full rights of NATFHE membership. The merger completed the introduction of the small AAES structure into the NATFHE structure.

Similarly, in the education sector there was no major merger activity in the probation or prison services. Those mergers that did take place were on the periphery of both services, politically at least. It is to these mergers attention is now turned.

### **Probation Service and Prisons**

Ironically, given its strong occupational and private sector focus, an aggressive recruitment strategy amongst staff associations by the white collar section of the EEPTU seems to have led to a variety of white collar and professional staff bodies integrating with the engineers prior to their merger with the AEU. The EEPTU made successful approaches to the associations of probation workers, prison officers and staff in bail hostels run by local government when, due to its exclusion from the TUC for poaching members, it attempted to become a focus for non-affiliated trade union and staff association activity. (The strategy was shortlived and abandoning its relationship with non-affiliates became a condition of the EEPTU's reentry to the TUC and subsequent merger with the AEU. In each of these mergers the influence of the General Secretaries in both the EEPTU and the smaller unions was essential to progressing the merger, but there was no substantial opposition to the merger from the membership of either union. In each case the merger was initiated by the EEPTU, through the General Secretary, or the Chair of the smaller union and the proposals were put to the NEC. In each case the NEC authorised the General Secretary to investigate and then pursue the merger.

The reasons given by respondents for embarking on a merger were different for each of the smaller unions. The Prison Service Union, a breakaway from the Prison Officers'

Association, sought to maintain its independence from this group. It endorsed the merger as a means of improving its collective bargaining services to members and as a way of consolidating its position. It was also strongly attracted to the EEPTU by the wide range of membership services on offer and by the absence, at the time, of the affiliation with the AEU. The Association of Senior Probation Officers responded positively to the merger approach when faced with rising expenditure and a declining membership as a means of consolidating their position within the sector. The union feared that lay membership involvement was declining to such an extent that the union would not be able to maintain its level of service to members without the support of a larger organisation. The retirement of the incumbent General Secretary created an appropriate time for the union to address a range of its problems through merger. The Association representing staff in bail hostels merged primarily to secure its existence. It was simply too small to sustain an independent organisation. The merger with the EEPTU was primarily an attempt to preserve the organisation as well as secure a base from which the union might seek to grow by appealing to new members.

Given the size of the partners with which the EEPTU was merging and the federated structure which the union had adopted in relation to the mergers, the process was completed very quickly. The smaller unions were simply amalgamated into the Federation of Professional Associations which was effectively a trade group of the EEPTU. In each case the merger process followed a similar pattern. A jointly negotiated rule book and constitution was negotiated prior to the merger and union services were merged shortly after the merger had been ratified. In most cases the smaller union had few staff, services and

offices to integrate with the larger partner. Under the terms of the merger the smaller union maintained its own branch structure and was responsible for its internal organisation.

In the case of each organisation the number of members has increased since joining the federated structure. In relation to the Prison Service Union and the staff at bail hostels, the increases were modest, but the Association of Senior Probation Officers enjoyed a marked increase in membership resulting in the formation of several new union branches. Neither the Probation Officers nor the Staff at Bail Hostels offered members any individual union services before the merger and the Prison Service Union only offered legal advice and death benefits. All the unions have seen a significant improvement in the range of services they can now offer to the membership including financial services, discounts, education and research. Similarly, none of the smaller unions was able to exert any political influence prior to the merger but under the terms of the merger agreement they secured access to the EEPTU/AEEUs sponsored MPs.

Given that the influence of most of these staff bodies was marginal when they were independent (some were not even recognised for bargaining by their employer), the affect of the merger on collective bargaining is likely to have been marginal. In most cases, the staff union was formed in protest after a dispute with the TUC union representing staff in a particular area, hence the common ground with the non-TUC affiliated EEPTU. In most cases, the employer chose not to recognise the splinter union for fear of disrupting arrangements with the larger organisation. The Probation Service reported that the Association of Senior Probation Officers which joined the EEPTU in 1988 was a

professional body and did not have any negotiating rights in the Service. Similarly, the Prison Service Union, which joined the EEPTU in 1990, is not recognised by the employer and the employers do not provide any facilities to the union. The union's sole rights are to represent members in disciplinary hearings or where members are under investigation for alleged misconduct. In 1994, each of the smaller unions was obliged to disassociate itself from the EEPTU (in most cases the employers were not informed) when the electricians formally rejoined the TUC.

The information on the nature and consequences of trade union mergers in the public sector gleaned from the questionnaire survey has now been presented. Some analysis of the material will be attempted in the next Section where the main themes arising from the survey in relation to the public sector will be investigated and compared with the findings on mergers in private industry. Before an overview of findings is presented, however, it is necessary to consider some of the material detailed in trade union responses on the effect of mergers in the public sector on trade union internal organisation and, in particular, the hosting of formal efficiency reviews. In the interests of clarity and comparability the information on efficiency reviews arising from mergers in the public sector has been collated separately and is presented below.

### **Efficiency Reviews**

There is a great diversity in the type and scope of efficiency reviews which follow mergers between unions concentrated in the public sector. It is not surprising, given the logistics involved in a merger involving three unions of the size of COHSE, NUPE and NALGO,



that UNISON opted for a relatively minimalist efficiency review on its formation. The merger process generated a short term cash flow problem in the period immediately following the merger and a review was formulated specifically to tackle the issue. The exercise undertaken resulted in a voluntary severance programme that resulted in thirty staff leaving. The recommendations following the review were implemented quickly to tackle the temporary and immediate difficulty. There are no plans for an ongoing policy for efficiency reviews.

In mergers where a small trade union was effectively transferred to larger union, such as in the education or prison and probation sectors, respondents indicated that the size of the partner and the small degree of organisational change afforded by the merger, did not generally warrant any efficiency review. The Educational Institute in Scotland, for example, took the view that the merger with the Association of Lecturers in Scotland did not warrant any organisational review. Similarly, the mergers between the MSF and the Health Visitors Association did not facilitate any efficiency review. The HVA was effectively slipped into an established area of the MSF where they remained responsible for running their own affairs with a degree of autonomy.

The concept of a post merger efficiency review is alien to the notion of a federated structure developed by the IPMS. Part of the attraction of the organisational structure is that it offers unions a means of preserving an independent organisation whilst benefiting from shared services and economies of scale. It is not surprising that reviews do not transcend independent structures. There are, at present, no plans for a formal efficiency of shared

services to be conducted. At the moment services have been integrated through the negotiation between service providers and it would be fair to say that the need to keep the federated structure on course has proved to be the primary objective of the structure and one to which efficiency has played a secondary role. The participants suggest that this is likely to remain the case because they indicated that there are no plans to introduce any kind of formal efficiency reviews.

In contrast to the relatively low key link between mergers and efficiency reviews elsewhere in the sector, the IRSF/NUCPS merger illustrated how the merger process can be allied to a programme of efficiency review to ensure that the merger has a n impact on the organisation outside the confines of merger activity. Arrangements during the merger process sought to ensure that all the areas where the merger had a direct impact were reviewed for efficiency. The original merger document specified that the 1995 Conference would make a provision for a review of the IRSF structure to accommodate developments such as the growing role of Regions and Executive Offices in the Inland Revenue; and the importance of representing all members faced with contracting out and privatisation however, the model eventually adopted did not limit the review process to those areas. The new union went further and created a dynamo for an efficiency by advocating an ongoing review every six months. The review could focus on any aspect of union organisation and it was conducted by a personnel expert who reported to a joint steering group after a period of investigation.

The General Secretary of the IRSF was the person who promoted the initiative and he set the terms of reference for the review. In addition to this process for union reviews, the

merger agreement specified that there was to be a general all embracing review of efficiency in the organisation every two years. The NEC were charged with setting the terms for and conducting the review. The aim was to see whether the organisation was functioning properly and in the best interests of all members. All branches and other sections of the union were to be involved in the review and any changes proposed as a result of the review were to be put to the annual conference of the union for endorsement.

To assist the new union in its reviews and in particular its staff reorganisation, bargaining, senior management roles and regional links with head office, following the merger, the union called in Alan Fowler, a free-lance personnel consultant. Fowler told People Management magazine (Steven Overell, Unions Tackle Their Own Management, People Management, September 1996 p25):

*"I was given free rein to advise - to the point of doing away with certain jobs - and found the union open to work with. It did not accept all my advice, but it did feel that outside professional opinion was helpful."*

Fowler claimed that his status as a freelance consultant with prior knowledge of the vocabulary and systems of trade unionism aided his credibility. In the same article, Clive Brooke, the PTC's joint General Secretary stated that bringing together the remuneration, grading and operational responsibilities of two major unions was a major process. He reported that change management consultants had been contracted to implement the new structure and that, *"To my mind, they have been excellent value for money"*. (op. cit. p26) Brooke also took his top managers in the new union to participate in training at Templeton College where Roger Undy and Lord McCarthy trained them to handle the management

issues inherent in a union merger. Undy, stated that unions were now much more aware of the need to be seen to offer a professional service.

*"A lot of this is driven by the loss of members and the associated financial difficulties. It has brought quite sharply home (sic) to a number of people that these things have to be addressed in a more professional manner", he said (Op. cit. p26).*

In seeking a structured approach supported by external consultants, the PTC demonstrates that the impact of a merger may stretch beyond those areas of the partner organisations directly affected by the merger in purely organisational terms. The structure facilitates a series of ongoing short term reviews of specific areas of the union and a general efficiency review every two years. The new union has utilised the process of change arising from the merger process and formation of the union to promote ongoing organisational change and efficiency.

Whilst the merger process adopted by MSF effectively precluded the initiation of efficiency reviews in the smaller unions with which they had merged, the EEPTU's reported that it encouraged reviews amongst its federation of professional associations. The union took examined the organisational efficiency of the incoming union in each merger and, in cases where it was apparent that a review was warranted, this was negotiated as a part of the merger process. As a result efficiency reviews were conducted in both the Probation Officers' Union and the union representing staff in bail hostels prior to their formal acceptance into the union. The reasonably robust structure adopted by the Prison Service Union meant that no efficiency review was warranted in this merger nor, incidentally, in the

vast majority of private sector staff bodies who joined the federation at other times. The reviews were conducted by officials of the EEPTU and the smaller union. The review terms were agreed in advance with the NEC of the smaller union. The review team reported to both the NEC in the smaller union and the NEC of the union. The union stated that the review process was initiated within the first six months of the merger and reported after either 12 months (as in the case of the Probation Officers) or after 18 months (as with staff at bail hostels). In each case provisions were made for the review process to be ongoing and conducted at regular intervals. During the survey, the unions were able to point to specific examples of improved organisational efficiency as a result of the review process. The Association of Senior Probation Officers was able to restructure its regional coverage which meant the organisation was able to operate more economically and closer to its members. The Association of Staff and Bail Hostel Workers was able to rationalise its recruitment process which led to a steady increase in membership.

The relationship between union mergers in the public sector and efficiency reviews suggests that there is no set pattern amongst union mergers and that the decision over whether to utilise the merger process to instigate some ongoing mechanism for organisational change, is essentially one of policy. Some unions are more interested in utilising the change process than others. For example, the process of merger adopted by the PTC and the EEPTU, demonstrates the real organisational efficiencies that can be achieved on a continuing basis by a review process legitimised by the constitution of a new organisation. This approach contrasts however with the majority of respondents in the sector who indicated that they stopped short of integrating any ongoing review process within the merger activity. Some

unions seem to focus exclusively on a merger which delivers additional members to the union and offers the opportunity to attack and develop new areas of membership, whilst failing to realise that a relationship with an inefficient organisation may place financial and organisational burdens on the union and may indeed intensify those pressures which the merger was designed to resolve.

The information on mergers, and their consequences in relation to both collective bargaining and internal union organisation, has been presented in the context of both the sector and industry in which it occurred. The central findings of the research will be presented with a view to enhancing an understanding of the consequences of union mergers for bargaining and union power. In the concluding chapter in this study the main findings of the investigation shall be summarised and the responses from each sector examined and compared. A questionnaire survey, however, is constrained in the type of information it will solicit by the fact that responses are an historic assessment of a developing process and dependent on the perceptions of the individuals completing the response. For these reasons it was decided to supplement the survey findings with case study approach.

The case study methodology allows the researcher to study developments within the context of a timescale. A union merger and the impact on power relations can be studied as a developing process rather than relying on a single snapshot. It also allows the researcher to conduct a more detailed examination of the evidence at first hand away from any subjectivity or “spin”. This is particularly important given the nature of a collective bargaining and the requirement by parties to present outcomes in a favourable light to

members of management. A case study approach will never facilitate the range or breadth of information solicited through a questionnaire survey but it will an important dimension to this study of mergers and union power as shall be seen in the next chapter.

## **8. CASE STUDIES**

To complement the research conducted by the questionnaire survey and follow up interviews two case studies into the consequences of two different types of union merger in two different sectors were undertaken. The aim was to use different research techniques to address some of the limitations in both methods as they are applied in this study. There are several ways in which the findings of the questionnaire survey are limited. Firstly, the methodology relies on an individual perception of the consequences of mergers and will not reflect the view of the organisation as a whole. The views expressed are those of the respondent alone and as such vulnerable to any subjectivity or gloss that they wish to put on their response. The questionnaire also suffers from being a snapshot of what is essentially a moving process which develops over time. These limitations are not a problem for the researcher providing they are recognised and, where possible, steps are taken to address any potentially misleading findings.

Given the limitations of a questionnaire survey, the case study approach, a detailed study over a longer period, was thought to be an ideal complement to the survey. Case studies facilitate a study of mergers over time and may provide some insight to the developing relationship between merger partners. The approach also facilitates a relatively more independent viewpoint from which the consequences of merger can be assessed without the need to rely on the potentially partisan responses from practitioners.



The survey data will also complement the findings of the case studies where the latter has some limitations. The problems associated with generalising from the specific to the general, usually perceived to be the main drawback of the case study approach, can be addressed by comparing the findings with those identified in the survey. Similarly the survey is likely to compensate for the narrow focus which is necessary in a case study and to provide some guidance as to the areas in which deeper research may be useful.

The case study approach has a series of advantages which recommend it to the researcher. Case studies are useful in providing an insight and understanding of organisational functions that are not well documented or not amenable to fleeting contact with an organisation (such changes in power relations over time). Moreover, where more than one study is conducted there is also the facility for comparison the findings of studies internally. Interestingly, Martin (1986) who constructed a complex quantitative model for researching changes in union power, chose not to apply his model statistically or through a questionnaire survey. Instead he chose to focus on a series of case studies. Only in a forum in which the researcher could conduct a detailed analysis of power determinants over time, he argued, could a complex model be applied in practice.

An investigation of the processes by which a merger is completed and the effect that the merger has on union power necessarily involves a degree of complexity and, in turn, compromise. The merger processes are not readily available to investigation and when the study focuses on organisational change and structural reviews, there is a degree of sensitivity attached to the evidence that is not easily discernible from outside the

organisation.. Any study of this type is then open to the criticism that it is incomplete and that it has not taken a sufficiently robust view of external factors to justify the conclusions. Given this, I contend that since the selected research methods combined in the study complement each other to a sufficient degree to render the findings reasonably reliable.

The case studies in this investigation have been drawn from very different sectors - private sector manufacturing (McVities') and the financial services sector (Northern Rock Building Society). The two studies also involve very different examples of merger activity. In the first case, the merger examined is between the AEEU and the EEPTU, two unions operating in similar sectors and covering similar occupations. The membership of both unions was adversely affected by the decline in UK manufacturing in the early eighties and the merger could be classed as "consolidatory" under Undy's (1981) classifications. The merger was designed to preserve the strength and influence of the parties in a hostile environment and to retain a degree of occupational separatism from more general trade unionism. In contrast, the Northern Rock Staff Association was courted to engage in a merger with BIFU partly because of its sound financial and membership base and the opportunity for growth within the organisation and the sector. BIFU faced competition from many other TUC unions in seeking to merge with NORSA and had to structure the merger process with a series of guarantees and incentives for the incoming union. Far from falling into the category of merger identified by Undy (1981) as "aggressive or defensive," this merger resulted from specific objectives from both sides. For BIFU, the smaller union provided opportunities for growth and the chance to get a foothold in the emerging building society sector and for the Staff Association merger with a larger union offered the opportunity to up-grade services

and membership administration in order to address the growth in membership and the size of the organisation.

### **McVITIES' (UK)**

McVities' UK is the largest manufacturer of sweet and savoury biscuits in Europe. The firm employs over 6,000 employees at five sites throughout the country. The Company recognises trade union for the vast majority of its employees based in the manufacturing sites. The operative grades are represented by USDAW and the GMB, the staff and supervisory grades are represented by the MSF and craft employees are represented by the AEEU. It is this latter group on which we shall focus.

#### **Prior to the merger**

Before the AEEU was formed in 1992, McVities' negotiated with both the AEU and the EEPTU as separately entities. Both unions had their own organisation, structure and representatives at the main sites but invariably the two worked closely together. The two unions met jointly to draw up a pay claim and the company met both unions at the same time. One representative from each trade group adopted a senior steward but the preparatory meetings on pay and the pay talks themselves were attended by representatives from both organisations. Interestingly the results of any ballot on acceptance of the pay deal were amalgamated.

The Company reported that for the vast majority of the time the two craft unions operated in line with each other. The closeness of the relationship was illustrated by the fact that the HR Director of the Company could only recall one incident when the two organisations had followed different paths. This concerned some unofficial industrial action over bonus and call-out payments in the early 1980s at the Tollcross site in Glasgow.

The dispute involved both groups of workers but the EEPTU members moved more quickly to take (unofficial) industrial action whilst the AEU group chose to continue negotiations. When questioned, Phil Asquith, the HR Director, suggested that the different approach adopted by the unions in this case was related directly to individual representatives at site level. He claimed that a militant cell within the EEPTU group at the site was responsible for pressing the electricians into industrial action.

Whilst the two groups worked closely on collective issues and in the negotiating forum they maintained separate structures, finances and representation of members. On individual cases the members were represented by a steward from their own organisation and, where the grievance or issue was particularly serious, a full-time officer from the unions would represent the individual. This representation was relatively infrequent and for the most part the craft unions concentrated on the collective role to protect and extend the terms for the craft group at the site as far as possible.

Not surprisingly given the close relationship that had developed between the two organisations there was little overt hostility to the merger from members when a proposal

for a merger was floated. According to the union's Senior Steward, Robert Clarke, the membership generally accepted that there was a logic to the proposal and that it would formalise many of the co-operative arrangements that were already in place. The members also anticipated the savings which the union could make as a result of the merger particularly in relation to capital and communication. Clarke stated that the general feeling that a merger was to be applauded, resulted primarily from the fact that the membership knew (and had worked with their merger partner). He commented that if a merger had been proposed outside the craft group this would have been met with a fierce opposition. Craft employees saw themselves as a distinct group with separate interests from other groups of employees and any attempt to lump them together with other employees, particularly low-skilled groups would have been opposed. The fact that the engineers and electricians had worked together successfully in the past and had identified common interests led to a general support for the merger.

The actions of the Company also facilitated a shared outlook from this group of employees. The Company negotiated collectively for craft employees and recognised that it would be more efficient to have craftsmen that could fulfil electrical and mechanical engineering tasks. By 1992 mainstream manufacturing in the UK had awoken to the notion that it was more efficient to develop skills and invest in post apprenticeship training within the craft group. As firms developed programmes to up-skill craft employees to perform elements of each other's specialist skills, the two disciplines were pushed more closely together than before. This only served to reinforce the perception of common interests and problems in McVities' where the initial attempts to secure cross-skilling had been viewed with

suspicion.

As one might expect from a Company that had facilitated a common outlook by pursuing common policies and initiatives with the craft group, McVities' was in favour of the merger between the two unions. It was felt that the merger would formalise many of the single table arrangements with the craft group and also facilitate some progress on the up-skilling initiative.

The arrangement was also welcomed because the company anticipated that it would improve communication and administration. It was also thought that the merger would save the Company money by, in effect, slimming down the Joint Negotiating Committee and simplifying communications by providing a single point of contact with the union nationally and at each site.

The Company did not anticipate any disadvantages arising from the union merger. Phil Asquith, HR Director, stated that, whilst there may be some concern about a more powerful or militant vehicle for employee representation arising from some mergers, this simply did not apply in this case. The unions' close working relationship prior to the merger meant that they could operate, in effect, as a single union for the purposes of placing pressure on the employer. As Phil Asquith summarised the Company's position *"Prior to the merger we had all the potential costs of the merger (because the unions were operating as a single union in negotiations) without any of the benefits in terms of formal acceptance of a single bargaining forum.."* He outlined the anticipated benefits as being a more simple bargaining

structure, better communication and single contact points and the opportunity to pursue cross-skilling through developing a single generic model with the AEEU.

### **Following the merger**

The degree to which McVitie's realised the potential anticipated benefits of merger is central to the question of whether (and to what degree) power relations between the Company and the union changed following the 1992 merger. The evidence examined collected from across the full range of terms and conditions, union facilities and skills issues suggests that employee relations in the Company changed very little as a direct result to the merger although the creation of a unified and fully integrated craft group might be said to have exerted greater influence on the Company in relation to cross-skilling (see below).

**Pay settlements:** There is no evidence that the merger exerted any impact on the levels of pay increase negotiated by the craft group post merger. The evidence revealed that, both prior to and post-merger, the primary determinant of the negotiated settlement was the level of headline inflation in the economy. The figures reveal that since 1990 the pay settlement for the craft group has been slightly above the average rate of inflation for the year so that year on year the group managed to protect and extend their incomes to a limited degree. There is no evidence that the pattern on pay bargaining was any different following the merger in 1992.

### **McVities' Pay Increases and Inflation**

	1990	1991	1992	1993	1994	1995	1996
Craft pay increase	9.75	5.9	3.7	3.0	2.0	3.1	3.0
Rate of inflation	9.45	10.0	5.0	1.55	1.8	2.7	2.4

The Company argued that it had consistently rewarded employees at levels in excess of the annual RPI (a two-year deal in 1993/4 specifically refers to RPI-plus increases in the second year), so the maintenance of living standards in the annual pay round cannot be seen, according to the company, as any indication that the union merger extended union bargaining power. Moreover, the settlements for the craft group mirror those of the much larger USDAW/GMB group which has a settlement date in January compared with the craft group which settles in April. The company stressed, therefore, that the craft group tended to follow the settlement of their fellow workers and that this supported the contention that merger had only a marginal effect on pay settlements. Whilst this may be the case the figures relating to pay settlements do not necessarily suggest a lack of influence on pay rates arising from the union merger. The company and the union both reported a very static workforce amongst craft employees in McVities'. Turnover was low and the Company had no trouble recruiting sufficiently skilled employees. Turnover of craft employees in the Company had remained very stable since a major severance exercise in 1986 when the Company launched its first cross-skilling initiative (discussed in detail below). This was relatively unsuccessful and craft employees were still engaged largely employed on electro-



mechanical tasks in 1995. In the light of a lack of progress on cross-skilling and combined with a stable workforce, the Company might reasonably be expected to either pursue the initiative more vigorously or else, cut numbers and control costs. The fact that an above inflation pay policy has been maintained in this environment might suggest that, far from having no impact on pay within the company, the merger at least maintained union strength in relation to the pay round. It may have been instrumental in protecting the income and expectations of the group in a hostile bargaining environment.

**Up-skilling:** In 1986 the Company launched the Blue Pages initiative to limit the costs of engineering in the Company (for additional information see *Donald Ting: Breaking the Craft Mould, 1987*). The plan included several different elements each aimed at reducing the costs of the craft group. Shifts were re-organised to include weekend working and mid-week overtime pay was eradicated. Craftsmen received a hefty 12.7% increase on basic rates but still suffered a loss of income from the changes. The average working week was reduced from 48-56 hours to 42 hours. An up-skilling programme under which craftsmen would undertake the basic tasks of the other craft discipline was outlined. This was to be accompanied by a major decrease in engineering employees from 503 to 385. The dismissals were mainly "mates" or elder craftsmen tempted by generous severance pay.

The Blue Pages agreement also encompassed the organisation of craft employees into designated teams aimed at improving communication between shop-floor employees and craftsmen. There was to be an increase in the use of contracted labour to work on project tasks whilst the "core" craft workforce were to concentrate on basic plant maintenance.

Concentrating on efficient production and preventive maintenance the craftsman was expected to generate a sense of ownership in the plant. This initiative was, in turn, expected to reduce downtime (the period for which machines are not operating due to breakdown) on the plant and contribute to a more economically efficient craft function. The cross functional flexibility amongst craftsmen was the pre-requisite of effective team working and reduced downtime.

The Blue Pages agreement was the most ambitious set of policies and priorities that the Company had ever tried to pursue with its craft employees, but it is clear that the initiative failed. In outlining the difficulties of the 1996 pay round it became clear that the Company was still working to secure the majority of components of the Blue Pages agreement. Horizontally flexible craft employees working in teams to maintain efficient production was still the area in which the company was seeking to make real progress during these negotiations. No up-skilling programme had been completed as a result of the 1986 agreement and, whilst there had been lower craft costs due to job losses and less downtime, the craft group were overwhelmingly single skilled and still regularly working a large amount of overtime. It was on the question of cross-skilling in particular that the 1996 pay talks floundered with management pushing for a full cross skilling programme and the union pressing for additional payment (in the realm of 5%) to participate in the training. In the end the talks reached a stalemate and the Company effectively ripped up the national agreement and moved to local bargaining for craft employees to see whether progress on the issue could not be made in local negotiations.

The fact that the craft group was free to bargain and negotiate on the cross-skilling issue for several years, trading its co-operation on several occasions, illustrates not only a problem with managerial objectives and priorities in the company but also a level of bargaining power within the craft group. Whilst the plethora of negotiations, agreements and offers that have covered up-skilling in the Company since 1986 make it difficult to assess the direct impact of the union merger on union power in this area, it is clear that major advances were not made by managers in the wake of the merger. Even in 1997 the issues surrounding up-skilling are not fully resolved (although some progress is now under way) and this suggests that following the union merger in 1992 the power of the union to evade a commitment to up-skilling (or re-negotiate on it) was maintained or even extended.

**Craft Numbers:** The Blue Pages agreement reduced the number of craft employees from 503 to 385 primarily by releasing craft "mates" and some older workers. The reduction of craft employees was in anticipation of the fewer craft that would be needed if the craftsmen were equipped with a wider range of skills. By 1996 the craft numbers across all the McVities' sites had fallen to 333. Given that the Company's aim was to reduce craft costs the resilience of the number of craft employees is significant. It becomes even more so in the light of the Company's stated aim (in Blue Pages) to develop a core workforce employed on maintenance tasks supported by contract employees on project work. Given that the project work has gone outside the craft group the numbers of craft employees have held up surprisingly well. Again quite what role the union merger played in the preservation of craft post is difficult to assess, nevertheless, what is clear is that job security amongst craft employees was not weakened following the merger of craft unions.

### **McVities' Craft Numbers per Site**

Site	Ashby	Carlisle	Harlesden	Manchester	Tollcross	Total
1986	66	71	65	115	68	385
1996	57	62	53	102	59	333

**Membership Density** - Whether the union merger had any impact on the levels of union density in the workforce may provide some indication of whether or not the merger had any indirect influence on union power in the workplace. If membership density is falling in a workplace, where there are a series of initiatives under way to reorganise the craft function, it might reasonably be assumed that the union will demonstrate less influence over these issues. In this instance, neither the Company nor the union reported an any change in the level of union density within the craft group after the merger in 1992.

The Company reported that the craft employees had always demonstrated a strong propensity towards unionisation and a density level in the 90 per cents was not uncommon in either the Company or the industry. Robert Clarke, for the union, stated that if density was less than 100% this could only be explained by transfers within units since he was unaware of any non-membership in the craft group either before or after the merger. Whilst the evidence on union density provides little scope for extending union power (albeit indirectly in this area), the figures may demonstrate some extension of power if the merger could be shown to contribute to maintaining density levels whilst union density in other

parts of the Company was falling. Conversely, however, the merger cannot be held to be the most important factor in determining the maintenance of density levels and issues specific to other unions may influence their density rates above other factors. Nevertheless, it is interesting to note that the density rate for operative grades fell from 82% to 76% (primarily the Company believe due to check off difficulties) whilst the density in the supervisory and white collar grades fell from 56% to 33%. Density amongst the craft group following the merger did not decline significantly and certainly not to the degree experienced by other groups. The effect of the merger on this is difficult to ascertain though it is possible to conclude that there was no negative correlation between the merger and union density.

**Industrial Action:** In recent years the craft group at McVitie's has moved to a ballot on industrial action on two occasions, in both cases after the merger had been completed. Aside from instances of sporadic unofficial industrial action, typified by the sort of action at Tollcross (in which only FEPTU members were involved) there was no official industrial action in the five years preceding the union merger. Three years after the merger in 1995, the union balloted the membership to take part in strike action following a dispute at three factories on the "holiday divider" or how holiday entitlement was accrued under the new shift patterns. Although the union indicated some willingness to take action the dispute was settled through last minute negotiation and pushed out to local factory management to resolve. In 1996, the union also indicated a move towards industrial action when their national bargaining forum was effectively sidelined by the company's move to local bargaining designed to generate some progress on the up-skilling initiative. Given the unwillingness of the membership to respond positively to calls for industrial action

combined with the support for the Company's move at some sites, a ballot for action was threatened but not undertaken.

The degree to which the merger had a role in the union's renewed interest in the threat of industrial action was alluded to by both the company and the union. For the company, the merger was seen as a facilitator for industrial action. It improved communication between the national committee and it simplified the organisation and co-ordination of balloting on action. The central factor underpinning both cases of threatened action however, was the issues and the support that could be generated for action at the shop floor level. Although the Company recognised that the merger facilitated greater confidence in the craft group to move towards, and to organise action, the marked difference between the ballot for action on the holiday divider issue and the threats short of a ballot over the move to local bargaining, was the depth of feeling that the actual issue generated on the shop floor. Whilst the workforce perceived a genuine injustice over the way holiday was accrued on shift, the move away from national bargaining was seen as distanced from the shop floor issues. The union generally supported this analysis. The merger had played some part in generating a greater confidence in the union and did make joint action between the engineers and electricians easier to co-ordinate, but these factors were, according to Robert Clarke, relatively unimportant in the decisions relating to industrial action.

The strength of feeling on the issue was the overriding determinant of industrial action. Clarke stressed that had either the holiday pay divider issue or the devolution of bargaining emerged prior to the merger they would have met with exactly the same response (albeit co-

ordinated less effectively between separate unions). That said, Clarke was confident that the way in which the unions worked together pre-merger would have enabled a joint response.

**Representation:** Union representation being structured, funded and facilitated as it was, was largely unaffected by the merger. At the sites the facilities afforded the union in relation to time-off, access to rooms, office equipment and postage all remained the same following the merger. The stewards remained the same in most cases although after the merger one became the senior craft steward and one became the deputy. The transition seemed to occur naturally and no-one can remember an election being necessary to elect a shop steward.

The site steward and deputy attended national meetings maintaining the practice of two stewards attending from each site.. There was some change in relation to representing staff in disciplinaries, personal cases and grievances which were all handled by the site steward following the merger (regardless of whether the individual had previously been the representative of the former EEPTU or AEU members). The union reported that the old union loyalties had now disappeared and that two of the sites had stewards and deputies from within the same craft discipline.

Relationships with the union centrally were revised following the merger. Members in McVities were aware of steps to extend co-operation even prior to the merger. Joint courses on multi-skilling or the NVQ were organised and the two unions were encouraged to meet together and pursue similar objectives. Steps were taken to capitalise on this closer working arrangement through the publication of joint material and publicity. Following the merger

the degree of integration was more noticeable. The union locally was aware of an efficiency review operating within the union to orchestrate the integration of branches. Joint research, legal, education and media facilities were established and membership services were pooled. The union released some staff from support functions. The integration process was overseen by the jointly established NEC and undertaken by functional managers (primarily of the AEU) headed by the two joint Deputy General Secretaries in relation to organisation.

The McVities' craft group was not integrated into a geographical network of joint branches it was organised along Company lines. This resulted in a speedy integration of the former AEU and EEPTU branches. A single branch financed by a single payment from the union centrally was being paid within about six months of the merger. Robert Clarke reported that branch funds post merger decreased slightly following the merger (but it is unclear the degree to which this reflected the slight decline in membership). A full-time official from the union was allocated to the McVities' branch of the union after the merger. Prior to the merger both unions had been able to call upon the support of a national officer at the respective union's head offices, but negotiations had been overseen by a regional official. After the merger a Peter Storey, a national officer<sup>1</sup> based in Cudham, Kent, was appointed as the McVities' contact in 1996 and Byron Jones, the previous contact, took early retirement. The allocation of full-time official to oversee bargaining was initially unpopular and the members of the craft group expressed some dissatisfaction to the national union.

**The Bargaining Agenda:** Neither the Company nor the union detected any change in the way in which the bargaining agenda was determined or the range of the issues covered.



According to the Company, prior to the merger the union had concentrated overwhelmingly on lifting either basic pay or shift premia. There had been no additional claims associated with fringe benefits or training by the late 1980s and, not surprisingly, no claims based on extending equal opportunities. The union had adopted a very traditional stance. Where the union had been willing to negotiate on issues outside remuneration, the discussion had arisen largely as at the behest of management. The negotiations on the Blue Pages proposals, for example, which covered shift premia, overtime pay, team working, working patterns and up-skilling, were all discussed in response to management proposals. Phil Asquith claimed that the Company's desire to reduce costs in the craft group generated a narrow bargaining agenda on which the union had no choice but to concentrate. He claimed that craft employees were largely on the defensive during the period 1986-96 and this led to a concentration on basic pay at the expense of other employee benefits. He stated that only when the Company started to make real in-roads into the up-skilling initiative were the union able to begin to extend their claims to include some form of job security agreement and claims relating to the quality of training on offer. This was indicative, Asquith claimed, of the union's defensive position that the agenda was only broadened when the union had no option but to accept the cross-skilling initiative.

This view was not accepted by the union. The view of union members was that the most important function of the union was to extend and protect living standards. As a result, the union concentrated on remuneration since this was the primary concern of their members. If an additional payment for participating in the up-skilling programme could not be attained, the union stressed, then there was no point in discussing other initiatives. A standard "going

rate " had been established across manufacturing for participation in cross skilling initiatives and the attainment of this was the union's primary concern in the negotiations. Peter Storey argued that to see the union's concentration on basic pay as narrow was to misconceive the situation. As a result of the merger, he claimed, the union was better equipped to discuss skilling. There was a thorough understanding of the full range of craft skills in the union and the union has a great deal of pooled knowledge in relation to up-skilling initiatives. The merger had facilitated a greater understanding of up-skilling in general and he cited the attendance of all stewards on a week long union course on the issue in 1994 as evidence. Far from the narrowness of the bargaining agenda reflecting a defensive approach by the union, he argued that the union had managed to prevent discussion on the area in the absence of the company's commitment to pay for participation in a scheme. The focus of the bargaining agenda demonstrated a degree of control by the union in response to a range of managerial proposals which failed to reward the employees.

Clearly it is difficult to assess which of these interpretations represents the actual position. Whether the bargaining agenda was narrowed as a result of management pressure to discuss skilling or a union response to the absence of a gateway payment to discuss skilling is unclear. What is clear, however, is that when, for whatever reason the agenda was widened, the union was prepared for negotiations on secondary issues and , by all accounts, present the material with vigour. Storey claims that the union's changed tack to open negotiations on job security, the quality of training and the degree to which qualifications were recognised and to demonstrate a degree of maturity amongst the union team. It is not unreasonable to assume that the merger, with its opportunity to exchange information and

learn from past experience, somehow contributed to this.

## **Summary and Conclusions**

The union merger does not seem to have had any overwhelming influence on power relations at McVities'. Where it has had an impact the focus has been formalising the single table bargaining arrangement within the company and facilitating a closer working relationship between craft employees of different disciplines at the sites through better communication and administrative arrangements.

Since the merger it was claimed that the craft has developed a unitary approach to employee relations issues in which the union came to share many of the company's goals. This joint outlook has contributed to a growing appreciation of the range of craft skills and the pooling of a range of information on terms and skills development. The union also claimed that in formalising the close working relationship which existed between the engineers and the electricians before the merger, the craft group were able to expand on structure that had already been developed and this led to a strong sense of integration and a renewed sense of confidence within the craft group.

Structurally the formation of the new union helped the union to communicate with members and to respond quickly to fresh developments. The union found it easier to co-ordinate action between different disciplines from within the same organisational framework. The union also found it difficult to obtain a mandate from the membership. The allocation of a

full time official to union members in McVities' was not popular amongst the members who saw it as an attempt to erode their autonomy. Nevertheless access to a full time official did improve the access to professional advice and access to bargaining information from what had been available previously.

As far as the Company was concerned the main impact of the merger was to formalise some of the features of the joint working arrangements between the electricians and the engineers. In so doing the merger facilitated the bargaining arrangements with the union and the speed with which a joint union position could be developed. In addition the Company was able to secure a single representative for the craft group at each site.

The degree to which the merger consolidated or extended union power in bargaining by extending the availability of comparative information on claims from a range of other companies and contributing to a vibrant and confident craft outlook is difficult to gauge. However it is clear in maintaining the established position against the more hostile sections of the Blue Pages agreement the merger did not weaken the union's position. In defending members from job losses, maintaining and extending levels of pay and preserving union facilities the merged union managed to protect its membership and representation rights.

Where the union merger can be clearly seen to have extended union power is in relation to developing an integrated craft position when management pursued a fresh up-skilling initiative in the 1990s. The way in which the union identified the dangers associated with the policy and the information that was presented in pursuit of a "going rate" for compliance with the initiative, indicated that the union had secured access to improved information

from across industry. In facilitating a fully integrated union response on skilling including joint training, publicity and access to expert advice, overseen by a dedicated full time officer in particular, the merger can be held to have contributed to a growth in union bargaining power within McVitie's.

### **Northern Rock Building Society**

The Northern Rock Building Society was a medium sized regionally focused building society until its merger with the North of England society took it into the Building Society Association's top ten societies. The Society has expanded from a strong identity amongst customers in the North East to take advantage of the opportunities available from financial deregulation. The Northern Rock product range has been expanded to include loans, insurance, assurance and financial planning. Despite the extension of the product range, the Society remains focused primarily on the mortgage market and it has been outspoken in its defence of mutuality.

Trade unionism has not been particularly prevalent in the building society sector in contrast to other areas of the finance sector. Interest by bank employees in the National Union of Bank Employees led to the establishment of the in-house staff associations at the major high street banks. The pattern of in-house staff representation, a pragmatic response of employers to keep independent unionism at bay, quickly established itself as the norm in the sector. Most building societies set up their own in-house staff body run by employees and often funded by the employer.

The Northern Rock Building Society Staff Association was formed in 1968 to represent the views of the employees to the Society's management. All staff below the grade of branch management were eligible to join the Association and density was high. Initially the Association was sponsored by the Society who contributed financial support, provided rooms and facilities and permitted a staff member to be seconded to Association duties on a part-time basis. In 1974 the Association, known as NORSA, was granted a certificate of independence by the Certification office.

The Association and the Society met regularly to discuss the full range of terms and conditions within the Society. Pay negotiations were conducted annually and the Society was happy to respond to the Association claim. The Association maintained a high level of density, (68% on average), amongst the employees and this figure remained fairly constant as the Society sought to expand both its product base, the number of markets in which it operated and its branch network to become a full national society in the 1980s. During this period the number of people employed by the society expanded rapidly from just over 1,200 in 1979 to over 3,000 by the late eighties.

The increase in employment at the Society and the maintenance of a high density level meant that NORSA increased rapidly without the requirement to finance recruitment drives and campaigns. Brian Richards, Chairman of the Association 1990-92, stated that employment in the organisation expanded so quickly that the Association *"didn't really have to recruit new members at all - they just kept walking through the door"*. By 1989, the

Association had over 2,400 members and a healthy financial surplus generated from subscription income. Although the growth in the organisation was welcome, Richards concluded, it also placed additional pressures on the Association. Up until then the Association had provided a very focused range of services to the membership including representation, a quarterly newsletter and some financial discounts. The growth in membership meant that the Association, which was still administered by part-time secondees, found it increasingly difficult to meet the growing aspirations of the membership or even to keep an accurate record of members details.

These problems were exacerbated further by the economic development and increased competition in the finance sector which resulted in job losses and branch closures within building society. Given the economic environment, concluded Richards, it became clear that a greater level of expertise and professionalism was necessary in order to protect the members interests. Members were requiring more detailed information on their rights and protection, particularly in relation to health and safety. It was no longer enough for the Association to focus on the annual pay increase to address the concerns of the membership.

**The merger process** - Whilst the rapid growth of the Society followed by the contraction of employment within the sector created pressures on the Association to look to the support of a larger organisation, the Banking union BIFU identified a merger with independent unions in the sector as a way of staving off the pressure resulting from job losses in the High Street banks. The Strategy for Growth was developed by Bernadette Fisher, herself a former employee of the Halifax BS Staff Association, who was employed specifically to raise the

union's profile with smaller unions and push for mergers with BIFU. The strategy appears very aggressive, smaller unions were cold called and members of the Executive invited to a presentation and video at BIFU offices. The momentum for the campaign stemmed from the expectation that the wave of anticipated job losses in banking meant that the union has to diversify its coverage to the insurance and building society sectors.

Contact between NORSA and BIFU began in April 1988 when the Executive Committee of the union attended a presentation from the BIFU. One month later NORSA representatives attended the union's annual delegate conference. Brian Richards recalls that members of the Executive were encouraged to meet with BIFU members from the Birmingham Midshires BS Staff Association which had transferred its engagements to BIFU in the previous year. Richards recalled BIFU basing their appeal on the range of benefits available to the membership from being a part of a larger organisation in which the building society staff had protected representation by guaranteed membership of the BIFU NEC. Fears that the union was too big were countered by explanations that the building societies had their own section, with autonomy for policy decisions and a designated full-time official. NORSA were impressed by the range of safeguards that the larger union were prepared to offer. The smaller union was offered a subscription rate that was frozen at current level and increased gradually so that it did not meet standard subscription rates for almost five years. The Association was given the option of bailing out of any transfer agreement up to two years after the transfer details had been agreed.



Fisher for BIFU put the approach and the way in which it was targeted into some kind of context. She stated that the recruitment of the Northern Rock Staff Association was seen as important politically for the consolidation of the union's presence in the building society sector. In 1988, although the union had recognition rights in seven building societies, these were all small societies with the exception of the medium-sized Midshires. BIFU identified the Northern Rock as being a useful way of raising the profile of the union in the sector and recruiting staff associations from some other smaller societies or even one of the major societies such as the Halifax.

Throughout 1988 there were a series of negotiations between the Association and the union and by the middle of 1989 both bodies were ready to proceed with a transfer of engagements. At this stage the management of the society were informed of the Association's intentions. The Society was initially suspicious. Michael Jackson, the former Chief Executive of the Society, reported that the society feared the influence of an external body on their staff and employment policy.

They also feared that operating in a "proper" trade union environment there would be a greater tendency to resist management proposals and to embark on campaigns of disruption. Finally the society feared that the union would have more impact on the Society's ability to make decisions quickly and to respond to market pressure and developments. In the end, however, the Society was won round to the idea of dealing with a fully professional system of employee representation and industrial relations. This was at least in part due to the commitment that BIFU would honour the existing (and legally binding) recognition

agreement and disputes resolution procedure.

BIFU was prepared to concentrate considerable resources on securing employer support for the merger, according to Fisher, on the grounds that whenever unions transferred into the union there was the risk of derecognition by the employer. (This did indeed happen three years later when the managers of the North of England society derecognised BIFU when the former staff association agreed to transfer its engagements). Fisher indicated that the union would often stress the benefits of dealing with a professional body with expert legal advice and good communication systems and the availability of cross-sector data from negotiations with other employers.

By the end of 1989 the transfer of engagements with BIFU was complete and NORSA moved into the Building Society Section of the larger union. The Association maintained its existing council and decision making machinery but maintained links access to the wider union through a full-time official and representation on the Institutional Committee of the Building Society Section. The mechanics of the merger broadly followed the transfer arrangement applied to all other incoming staff associations and it is reasonable to assume that structurally NORSA had little impact on the union. Where the influence of the partner was much more acute was in relation to the negotiations over union funds and membership subscriptions. NORSA, negotiated amongst other things, a two year subscription freeze and the option of becoming independent again (with their funds in tact) if the relationship with BIFU did not work out at any point during the first five years of joining BIFU.

We have already noted the difficulties associated with any assessment of the extent to which the merger or transfer has an impact on bargaining power. In this case, this is likely to be even more difficult given the rapid rate of change during the period across the finance sector. The extension of new products and technology, job losses and deregulation may all have a significant impact on trade union power and all of these may mask the effects of the merger. Although the Northern Rock BS performed well during the eighties and managed to consolidate its market position and product range in the industry, it was not able to escape the huge competitive pressures on societies or the crippling level of bad debt across the sector. Towards the end of the eighties employment in the Society peaked at over 3,000 and the Society began to cut back on its level of staff in the early nineties. Initially voluntary severance and early retirement were applied but some instances of compulsory redundancy were also recorded.

The degree to which the merger and the involvement of a larger union body had an impact on the outcome of negotiations is documented below. Although a straight comparison of the position prior to the merger with the situation post merger may not properly account for the full range of external indicators it provides a useful starting place for the study particularly when the results are examined in the context of the economic environment and market conditions as well as any internal review procedures that were underway.

**Pay settlements** - As the chart below indicates the trends in pay for the staff at the Northern Rock mirrored, but consistently exceeded, the level of inflation. In real terms staff pay prior

to the merger in 1989 consistently leapt ahead of the level of price increases to deliver a real increase in the standard of living for members.

In each year, the settlement agreed with NORSA delivered higher awards than inflation and was, in general, comparable with other settlements across the finance sector. It is probably worth stressing that in the period of the mid to late eighties the financial services sector expanded rapidly. Inflation was riding quite high so the level of increases awarded may will reflect anticipated changes in the cost of living as well as any changes in union bargaining power. Competition for skilled staff intensified in the sector and the desire to retain skills may also affect the level of settlement. Interestingly, although the negotiations with NORSA always resulted in an inflation-plus deal the negotiations process was usually concluded quite quickly. The longest period for which pay negotiations were conducted seems to have been in 1987 when there were four meetings, mainly because a new performance related pay system was under discussion. There are no records of the union threatening any campaigns or action or even wishing to resolve the pay claim to independent arbitration in line with the procedural agreement that they had with the Society. The Association also failed to prevent (or arguably even resist) the introduction of performance related pay although one could argue with some legitimacy that the employees were still receiving an inflation plus increase.

## NORSA Pay Increases and Inflation

	1985	1986	1987	1988	1989	1991	1992	1993	1994
RPI	4.3	5.7	7.2	8.4	9.45	5.9	3.7	1.55	1.8
NORSA	5.0	6.2	8.4	9.2	10.4	11.0	3.75	2.2	2.1

After the merger in 1989 the level of increase grows to reflect the prevalence of higher levels of inflation. Initially the transfer may have enhanced, or at least facilitated, effective pay bargaining for the differential between the level of inflation and the settlement is large. There are undoubtedly market based reasons for these gaps but it certainly appears that the merger with BIFU has not harmed the Association's ability to protect and extend its members' income. What is more interesting, however, is how the merger may have affected the process of pay bargaining. Immediately after the merger the process is constrained and agreement secured relatively quickly, however, in the 1990s perhaps as a result of economic factors and/or perhaps due to the impact of the merger the bargaining process is drawn out and a noticeable change in the culture of bargaining in the society occurs. In both 1992 and 1995 the union continued to bargain until the process was exhausted and in both years the level of increase was ultimately determined by compulsory arbitration, the last stage of the procedure.

The Society are not keen to recognise any difference in pay negotiations pre and post merger and they argue that the negotiations took place in the same culture, were regulated in the same way and were often conducted with the same individuals. Where there

is a difference in the bargaining process, it is argued that the underlying reasons were economic and not a sign of BIFU's influence. The Society, was forced into a difficult position on pay by recession and had already identified the requirement for job losses. For BIFU, the negotiating officer David Evans stated that the pay round was extremely tough on these occasions and that the union pushed the settlement to arbitration. However he claims that there was a significant cultural dimension attributable to BIFU that enabled the Association to push the negotiations to arbitration and break with their past practice. He claimed that staff could put the responsibility for protracted negotiations on their professional negotiator from BIFU and escape any responsibility for delaying a settlement themselves. In other words the professional status and independence of BIFU was used as a cover by staff who, until they transferred to BIFU, would have been too closely identified with the bargaining strategy to push the negotiations to independent arbitration despite the facility in their agreement to do so.

**Skilling** - The impact of the union merger on the development of skills in the Society was marginal according to both the union and the Company. Unlike engineering, initiatives on training and re-skilling were not pursued through the negotiating structure. The development of skills and the pace of re-skilling were driven by either new technology and computerisation, requiring all staff to develop keyboard skills, for example, or marketing initiatives such as the development of a range of telephone services or the integration of the sale of mortgages and insurance policies.

**Equal Opportunities** - In contrast the decision of the Association to merge with BIFU may have had a significant impact on the development of equal opportunities within the Society. Although the Society had negotiated an equal opportunities policy with the Association prior to the merger of BIFU, this was based primarily on the Society's legal obligations. The Society had a formal equal opportunities statement, maternity policy, fair recruitment and promotion procedures and some flexible working arrangements.

Following the merger there was a major campaign in the union on equal opportunities. "Equality in Action" ran between 1990-92, it was a nationally driven initiative in which the union tried to co-ordinate bargaining on several equality issues. Companies were encouraged to undertake an equality audit with the union, to extend flexible work patterns and opportunities, to provide suitable childcare and to bring the terms and conditions of part-time employees into line with their full time colleagues.

At the Northern Rock the union claims in 1990, 1991 and 1992 all included some reference to improving terms in relation to equal opportunities. Some of the claims were agreed during the negotiations. The equal opportunities statement was reviewed and the Society discussed flexible working with the union. The terms and conditions of part-time employees were brought into line with full-time employees in 1992 (not including access of part-time staff to the pension scheme) and in 1993 the Society introduced a formal harassment policy. Claims for the extension of maternity leave and for some childcare provision were not successful. Nevertheless, the union and society made significant inroads on equality at work and these initiatives have by and large increased. The achievements can be linked to the

influence of the central union's campaign. According to Ed Blisset, the equality researcher, the banks and major employers in the sector, in anticipation of labour and skill shortages had shown some renewed interest in equality initiatives in order to recruit and retain skilled female staff. Midland Bank, for example, launched a network of workplace nurseries in 1992 and Barclays Bank agreed pro-rata pay for part timers and allowed access to the pension scheme that same year. Blisset claims that the union was able to disseminate information on these initiatives and on why the larger employers were pushing for an extension of equal opportunities. The union placed pressure on the small and medium-sized employers to develop their own policies and to respond to labour market pressures.

It is arguable that the extent to which the unions secondary role in generating some movement on equality can be said to demonstrate an increase in union bargaining power. As opposed to placing pressure on the employer to fall behind union demands, the approach that the union took to their campaign was that the extension of equal opportunities made good business sense and offered employers a way of cutting employee turnover and retaining skills. As Blisset stated *"The arguments for extending these policies were presented very much as a win-win"*. Of course, it can be argued that negotiations on equal opportunities were evidence of an extension of union power through BIFU being able to harness a national campaigning machine and combine this with high quality information on competitors in the sector. The union was able to put pressure on the employer in several ways (not least that it was a reasonable and sensible thing to do) in a way that a small independent Association was not able to do.



**Job Security** - Again the impact of a national union campaign combined with the labour market factors to generate a common interest between employers and employees to introduce a policy on job security. In the early 1990s, despite the long-term predictions of skill and labour shortages in the sector, the intensity of competition in the sector combined with deregulation of markets was leading to a wave of job losses and predicted future job losses. The Association had never negotiated on collective job losses and there was no job security arrangement in place when the union merger took place in 1989. BIFU launched a major campaign on job losses in the sector on job security. Part of the "Job Safe" campaign was to co-ordinate a push for job security agreements in all the employers with whom the union negotiated. In 1991, the agreement of a job security agreement was the number one priority for the union negotiator and all agreements had to go back to the NEC for approval. The intention was for the union to prevent any compulsory redundancy in the sector by creating a web of no compulsory redundancy clauses in job security agreements. In practice, it quickly became clear that most employers would not commit themselves to avoiding compulsory redundancies. Most, like the Northern Rock, stated that redundancy would only be considered when other options like alternative work or redeployment had been fully considered. BIFU signed the agreement with the Northern Rock late in 1991.

There is a problem in trying to assess the impact of the union and its campaign on the introduction of a job security agreement. Again it may be argued that the Society were looking to pursue an initiative in this area (after all, the agreement did ultimately legitimise any redundancies that were made under it and the Society claims to have identified the need

for job losses very early during the downturn). The fact that an agreement alone was signed is hardly an illustration of any increase in union power. However the agreement introduced at the Northern Rock was based very closely on the union's model agreement without the crucial clause on compulsory redundancy. Moreover, the agreement did seem to serve its members well. In contrast to some other Building Societies in the sector including Nationwide, Halifax and Birmingham Midshires all of whom announced the start of their job loss programme in 1991, the Northern Rock did not start to make redundancies until 1993/4.

**Membership** - Union membership is always dependent on the number of employees who work for an organisation. The merger with NORSA, combined with a period in which there was a major contraction of employment opportunities in the sector. NORSA always had a high density rate amongst the Society's employees in the grades for which they were recognised and this was maintained following the merger with BIFU. According to BIFU, membership in the Society was fairly steady and generally reflected working patterns in the Society. In 1989 there were about 3,000 employees of whom about 1,700 were members. Density amongst the group eligible to be members was about 60% and this figure appears to have remained stable even though some jobs have gone.

Although this suggests that the union has protected the membership density in the Society this does not tell the full story. The geographical base of the organisation through the branch network extended considerably, particularly in the South East and London, in the 1980s and density amongst employee working in these areas is traditionally lower than in the Society's

North East heartland. In practice there may have been considerably effort made (or power exercised) by BIFU to maintain density with the spread of geographical coverage.

**Industrial Action** - Industrial action (whether employees have become more willing to embark on collective action to secure their aims) is not a suitable measurement of union power following the merger in this case study. BIFU agreed to take on representation of employees under the Society's existing procedural agreement with the Association. The agreement includes a clause which refers the parties to final (and binding) arbitration in the event of a dispute. There are no records of the procedure being breached although the union has shown a greater propensity to push issues through to final arbitration in order to obtain a satisfactory remedy to problems.

**Culture** - BIFU were keen to stress the cultural changes that they attributed to the merger and which they claimed had led to a significant change in the conduct of negotiations with the Society. David Evans, the negotiator responsible for bargaining with the Society up until 1995, claimed that following the merger the employees saw themselves as less reliant on the Society and freer to pursue an independent line. The negotiations became more formal and agreements were drafted more carefully and made more widely available.

The Society do not entirely concur with this view, arguing that the impact of the union was to make bargaining more formal without having a noticeable impact on the way in which bargaining was conducted or the issues discussed. Certainly the general framework to bargaining remained unchanged post-merger, but meetings were planned much further in

advance and with a pre-determined agenda. Minutes of meetings were published quickly and widely circulated. Information was requested from the Society prior to negotiating meetings. The Society agreed that the union had added some professionalism to the bargaining process and that the influence of the union's external contacts was visible in the negotiations post-merger. The union referred to national union campaigns and the policies and practices in a range of other companies. Management encouraged this approach since they valued information about what was happening elsewhere. The Society considered this a major benefit of negotiating with a trade union .

**Bargaining Agenda** - The bargaining agenda has been extended since the merger to include campaigns on equality of opportunity and job security. The degree to which this generally indicates any concerted effort by the union to place issues on the agenda is open to some debate. In the case of job security and equal opportunities, for example, the union made the claims based on specific campaigns co-ordinated at a national level. This indicates either that the union has succeeded in securing the issues on the agenda or, at least, an anticipation of the issues that the Society would wish to discuss during the negotiations. In either case it suggests some influence on the bargaining agenda that was not demonstrated by the Association. On some issues, like RSI or the introduction of COSHH there is no doubt that the Society would not have discussed these issues with the Association. However the union, with its specialised support services and access to practice across the sector was well-placed to lead the negotiations on these issues. In some instances like the union campaign to record bank and building society raids (raidwatch) or to ensure that post traumatic stress counselling was available to all employees, the union was instrumental in

placing the issue on the bargaining table and pushing the employers to introduce effective policies for staff.

**Representation** - Internally the way the union was organised, the range of services it offered and the facilities available to members all changed considerably following the merger. The union was still provided with an office and equipment, phones and time off. The number of employees seconded to union duties remained the same following the merger - one post dedicated entirely to union administration. Although for the main part there was no change in facilities there was a significant increase in time off for employees to attend national union committees. The Northern Rock section contributed delegates to the Building Society section of BIFU as well as to issue based committees such as the security committee (dealing with bank and building society raids), the equal rights committee and the Pensions committee. On a rota basis, the Chair of the Northern Rock section was also appointed to the National Executive Committee. Clearly the NR employees were keen to get involved in the union nationally and the effect of mixing with other employees from different parts of the sector had a noticeable impact on the bargaining culture.

The professional support available to the union was increased dramatically post-merger. Prior to the merger the Association had no access to professional support and was reliant on journals and external training for specialist information. Following the merger the Association was offered the services of a professional negotiator and a series of professional support services including education, pensions and legal advice, research, an equality officer and campaigning and media services. The range of personal services available to members

also increased. Members received a range of services and special offers including discounted holidays, insurance, discounts and road recovery. Members also received the union newspaper and regular communication mailings.

The level of subscriptions and the financial arrangements for the administration of the union were unchanged for three years after the merger and then they were gradually brought into line with other areas of the organisation. BIFU had argued that the union was free to leave the merger with no loss within two years (and on a sliding scale up to five years) of the arrangement. Union subscriptions were raised to BIFU's standard level in two stages and the money allocated to the NR committee was brought into line with other areas of the union. The latter was achieved by freezing current funding arrangements for the section and not by cutting back grants to the branches.

**Union organisation** - The process by which the Northern Rock BS Staff Association was courted to transfer its engagement to BIFU, meant that one of the major reassurances which had to be offered the smaller union was the protection of their autonomy and the preservation of their independent decision-making machinery. The smaller union obtained several guarantees relating to union structure and finances prior to the merger. In agreeing to protect the Association's structure and guarantee their finances for two years BIFU viewed the relationship as an important development in opening the Building Society sector up to union membership rather than for the members and finances that NORSA would deliver in the short-term.

The merger process to accommodate the Association within BIFU was arranged in much the same way as the transfer of the Birmingham Midshires had been arranged some months earlier. The existing structure of the Association transferred in its present form into the Building Society Section of BIFU . It finances and level of expenditure on administration, campaigns etc was protected for a two year period during which time the Association would have access to BIFU's support services for free.

Following the union, the Northern Rock Section Committee had the freedom to make their own decisions and draw up their own bargaining priorities provided that these did not conflict with either NEC or conference resolutions (no sections of the union, for example, were allowed to lodge a claim for private health care). All sections of the union were encouraged (but not obliged) to participate in union campaigns and co-ordinated bargaining.

BIFU did not make any attempt to mould or amend the structure of the smaller partner and the transfer had no impact whatsoever outside the Building Society section other than to increase the workload of the support section. For the first two years BIFU was content to demonstrate the advantages of a professional union organisation by allowing the Association to have discounted access to its professional and personal services. When the two year moratorium on subscription levels and finances came to an end at the beginning of 1992, BIFU initiated the first of the two stage increase in subscriptions and renegotiated the funding of the branch network.. The money allocated to the Association as branch funds was substantially less than the Association had enjoyed before the merger but the Association enjoyed access to a greater range of union support services.

That BIFU should not undertake a formal efficiency review of its smaller partner may be an indication of the relationship between the two and what the parties hoped to secure from the merger. The fact that BIFU was keen to secure the merger in order to gain credibility for its emerging building society section meant that it was prepared to offer guarantees on independence and autonomy to the incoming body. The Association in return prided its self on its relative independence within BIFU and the access it has secured to a range of professional services.

### **Summary and Conclusions**

The degree to which the decision by the NORSA to transfer their engagements into BIFU affected bargaining power and influence is difficult to assess in isolation given the hundreds of other factors which, potentially, have an impact on bargaining. Nevertheless some clear, broad conclusions can be drawn. The merger had very little impact on the structural or internal dynamics of the smaller union. The bargaining framework, level of membership, and union facilities all remained more or less the same post-merger and the larger union did not intrude in the internal operation of the former Association until it sought to renegotiate branch funds some two years after the merger.

The merger had, by all accounts, more of an impact on the culture in which bargaining was conducted and the issues which were placed on the bargaining agenda. There also appears to have been some move to formalise the bargaining process so that the union were obliged to present a formal claim to which managers were invited to respond. Meetings between the



Society and the union were scheduled a long time in advance and were always properly minuted. In addition where technical issues were under deliberation the union side might opt to bring a specialist from head office. In addition, the range of issues pursued by the union increased considerably post merger as the members had access to information on the practices in other companies and the union ran a series of national campaigns across the sector. Several initiatives on equal opportunities were taken up by the Society and for the first time a formal job security agreement for staff was agreed.

The impact of the merger on the provision of secondary support services to assist negotiators should not be underestimated. Both the Company and the union reported that the negotiations following the merger were a lot more informed. Negotiators were able to draw on substantial benchmark evidence and the impact of recent legislation or case law. The Society expressed their support for the more professional way in which negotiations with staff were now conducted. In particular, the range of comparative data from other employers in the sector and the manner in which it was deployed during the negotiations was the factor that impressed management most and that resulted from the merger.

Finally, the merger seems to have had some impact on the culture of industrial relations and collective bargaining in the Society. Although such developments are extremely difficult to measure the union indicated that members felt that they enjoyed a greater level of protection and were less open to the Society's influence after the merger. There was more scope for the union to formulate claims and to exhaust bargaining procedures during the negotiations. Collectively, as a group the employees are reluctant to settle during the earlier stages of the

procedure and more willing to press the Society for an arbitrated settlement.

## **9. STRENGTH IN NUMBERS? - DISCUSSION and CONCLUSIONS**

The research on mergers has traditionally been rooted in a study of the causes and pre-merger perceptions underpinning union merger activity. Whilst, this study does give some (brief) considerations to the pre-merger aspirations of the partners, it is far more concerned with the mechanism by which a merger is executed and the consequences of the merger when it has been completed on trade union power.

### **Summary of Main Findings**

Having considered the findings from the questionnaire survey and the case studies, both generally and in relation to developments in the sector and industry, it is now time to turn attention to drawing out some of the general themes. There are some common themes arising from merger activity during this period, notably that the effect of union mergers in general seems to be to amplify and draw into focus the existing nature of industrial relations between a trade union and employer. In so doing the effect of a trade union merger can be held to be dependent both on the sector and industry in which it occurs and general developments in industrial relations.

The study shows that the rapid increase in trade union merger activity in the period 1988-97 was primarily a response to environmental factors (declining employment in key sectors, falling union membership, managerial hostility) placing financial pressures on the organisation. There is no evidence from the unions that merger activity was a strategic

response to secure and extend trade union influence and collective bargaining. Mergers were an attempt to stave off financial pressures resulting from a falling membership by securing access to more resources, more members in existing and new areas of employment and economies of scale. Where there was any intention to develop mergers into a springboard for approaching fresh areas of potential membership this was very much a secondary objective in the majority of mergers. Although some mergers can demonstrate a key strategic importance (for example the foray of the EEPTU into representation of white collar staff and managerial employees or BIFU's attempt to extend representation from banking into building societies) the membership involved was small in comparison with mergers for other reasons over the period.

The majority of mergers, identified by the large incentives and underlying motives to merge, were in Undy's (1981) classification "*consolidatory*". That is to say mergers between two or more unions rooted in common or compatible sectors or occupations, designed to preserve the status and position of the partners in a difficult political and economic environment which threatened the decline of the unions involved. The second type of merger prevalent throughout the period, and indeed the most common in terms of the number of actual mergers completed (as opposed to members covered), was the *predatory or "aggressive"* merger in which a smaller union or staff association opted to transfer its engagements to a larger partner. There is a degree of confusion about the extent to which these mergers, fall into the "*aggressive/defensive*" category (as defined by Undy (1981)) which stems from the way in which the motives underpinning a merger can be interpreted in several ways and from a variety of viewpoints. Many of the mergers during

the period of the study, for example, may initially appear aggressive or defensive but the survey respondents suggest a desire to consolidate the union's existing position in the motives. Smaller unions, it appears, were attracted to larger ones for a degree of security and financial backing which would effectively preserve their organisation when faced with a loss of influence or power. In cases where small partners amalgamate with a large partner this was seen as a way of preserving (consolidating) a level of service provision for members in an increasingly complex labour market. Conversely, some larger unions embarked on mergers with smaller unions in order to consolidate their status and influence by securing a presence and potential for growth in a new sector.

The trend in larger and smaller unions merging in order to protect themselves from a degree of decline and loss of influence also proved to be the catalyst for the emergence of the federated union organisation. For the purposes of this study, a structure in which participants ostensibly retained their independent structures but which allowed them to secure economic and political influence through pooling their external services and expertise has been classed as a merger. It was the primary attraction of the federated structure that the unions involved could consolidate their existing position through securing economies of scale and shared services (hence the inclusion of the structure in this study) without being forced to compromise their independence.

## **Power**

The investigation into how the merger process affected Bargaining power confirmed that *any study of the power concept is fraught with difficulty given the variety of ways in which power can be defined and the range of political and economic influences on power and the difficulty in isolating inter-related factors to assess their impact.* My research did attempt to define bargaining power in a meaningful way for the study. Firstly, bargaining power was analysed in relation to a range of factors including the outcome of decisions on issues discussed over the bargaining table. The nature of collective negotiation means that much of the focus of bargaining power may be away from the area in which negotiations take place and is concentrated instead for example on creating a favourable backdrop against which collective negotiations can take place. Unions and employers allocate considerable resources to influencing the political or economic environment in which negotiations are conducted and in persuading the media and the public to back their respective cases. Employees and union members are targeted by bargainers hoping to utilise their views and support to secure some advantage in the primary dimension of power relations. For this reason, in both the survey questionnaire and the subsequent case studies and interviews, an attempt was made to look beyond bargaining outcomes and encompass the views and aspirations of the practitioners. Collective negotiations were placed within the sectoral and economic framework in which they were conducted. In addition, the study sought to look beyond the primary dimension of power and control for external determinants of union power in both the primary and secondary dimensions. Several sectoral specific developments and issues were highlighted as well as factors relating to the economic and political environment, trends in wages and pay levels, union membership, legislative developments and labour market policies - although in practice it is extremely difficult to

control for a full range of potential determinants of union power. As Martin's study (1986) indicates even the author of the most comprehensive matrix of power indicators was forced to resort to a case study approach to assess power changes when faced with the application of a model of such complexity. During the study the bargaining performance of unions, post merger, was compared with general trends in pay bargaining and employment patterns over the period. In addition, specific sectoral factors which may be held to have an impact on bargaining in the industry (such as rapid growth, sectoral decline, deregulation initiatives, privatisation or re-organisation) have also been considered. Trends emerging from the WIRS study (Millward et al, 1992) conducted in 1992 are also identified and applied. Moreover, this study also had to take account of several conflicting responses to questions in the questionnaire which made definitive conclusions more difficult to readily identify.

For all these reasons I felt it was necessary to enhance the general overview of the consequences of recent mergers with two more detailed studies relating to the Northern Rock Building Society and McVitie's (UK), a part of the United Biscuits Group, in which a wider range of indicators can be analysed over time and in a controlled framework. The case study approach also allows for an independent assessment of power relations away from the subjectivity of survey respondents. That said, even a very thorough investigation of factors pre and post merger, and the potential impact of a range of external factors, will still leave the study open to criticism that a range of factors which may have a direct or indirect impact on power have been neglected (or improperly controlled for). This is because the complexity of bargaining interdependencies and power relations and the intricate relationship between factors that determine power mean that any study and any control

system is likely to be unable to account for the full range of potential determinants. That said, on the balance of the evidence presented, and recognising the constraints under which any investigation will be conducted, the following conclusions are apparent.

*My research showed no conclusive evidence that union mergers had any impact on bargaining power or achievements overall.* There is no evidence that merged unions were more successful in securing pay and benefit increases for their members or in resisting job losses than other unions. The success of unions in this area is, of course, difficult to measure and it is made additionally complex as year on year comparisons will invariably include the negotiated outcomes of unions which merged in the preceding years.

There is no evidence that the major anticipated drawback associated with union mergers by employers (that the new organisation would in some way become more disruptive following the merger) was realised. This was, in the main, the result of confusion amongst employers in all industries about from where this disruption was likely to emanate. Smaller employers anticipated that merger with a large, professional (and affiliated) body would lead to an influx of professional negotiators with a different agenda to the employees who had previously negotiated with the firm. In contrast, larger employers feared that union mergers would result in over stretched professional negotiators leaving more scope for shop floor activists, seen as unrepresentative of the general workforce, to become involved in collective bargaining. The perceptions are interesting in that they summarised the very different views of trade unions and collective bargaining between large and medium sized firms and smaller employers. In this



instance, however, none of the employers reported that the anticipated fears had been realised.

The suggestion that a larger organisation with more members operating in more industries and with more resources to draw upon, is therefore more powerful, remains an unconvincing proposition. Industrial action in the Post Office and on the railways, for example, may be held to demonstrate an increase in power if only through the availability of greater resources to sustain the action. However, there is no evidence to suggest that the newly merged print industries were better placed to resist an orchestrated programme of derecognition, for example, than they would have been separately.

*There are some differences in the change in power relations depending upon whether the merger brings together unions which negotiated separately with the same employer prior to the merger and those who have historically negotiated with different employers. In the former it seems a natural consequence of post merger organisational change for the employer to facilitate single union bargaining arrangements. In particular, the move towards single table bargaining and single status employment has been supported by a move within unions to break down the organisational boundaries between them. Mergers have clearly assisted the move by employers to reform bargaining structures. However, - whether or not this is an indication of a reduction in trade union power is less clear since, again generally, the move towards integrated bargaining has also been in the interests of the union in bedding down the newly integrated structure. For the most part one of the aims of the merger for the trade union has been to pool their collective strength in a single*

forum for bargaining. Indeed, in mergers such as those between NUPE and COHSE in the NHS, and between the AEU and EEUPTU in manufacturing, an anticipated benefit of the merger for the parties was the formalisation of the informal joint working relationships between members across occupations and grades. Where it was in the union's interests to preserve an element of separate representation in the same union (such as for former NALGO members in UNISON in the NHS and local government) however, unions were able to facilitate this (on an ongoing basis in the former).

The argument that the reform of bargaining structures and general support for the merger by employers cannot necessarily be attributed to a reduction in union power is further supported by the fact that, in some instances the employers anticipated major drawbacks arising from the merger but that joint representation under the merger went ahead.

Hammersmith Council anticipated that the formation of UNISON would promote a new round of factionalism in trade union inter-relations, whilst ICI reported that a constructive relationship with the electricians was likely to be disrupted by the merger with the engineers. In both cases single table bargaining was introduced despite the concerns. In the case of the North of England Building Society, who derecognised their staff association on its merger with BIFU, the fact that they were ultimately obliged to restore bargaining arrangements with the union indicates that the merger had a positive impact on union power.

On balance, it is fair to say that, despite the fact that reformed bargaining was welcomed by the newly merged union in some instances (and despite the maintenance of union

facilities post merger) generally, the move to new bargaining structures should be seen as evidence of a reduction in union power within the period. In general, unions opposed the moves towards single table bargaining for different occupational groups but employers in manufacturing, local government and health service and others were able to facilitate joint representation and a single agreed outcome of negotiations on the back of union mergers. The traditional negotiating ploy of securing improvements on the back of leapfrogging was no longer an option following the mergers in local government, the NHS, manufacturing and to a large extent the civil service.

Therefore the development of single table bargaining arrangements following a merger may signal a transfer of power to the employer, given that structural frameworks in bargaining that are identified in WIRS. Unions traditionally aim to preserve existing multi-dimensional bargaining structures against employer pressure to simplify bargaining arrangements. The move to single table bargaining may indicate a shift in post merger power relations particularly given that the implementation of revised bargaining structures is not a natural consequence of a consolidatory merger. Both UNISON and the PTC, for example, have sought to preserve different bargaining structures for different categories of member despite now being the common union for a wide range of employees in that sector. Employers reported that a re-organisation in union structures resulting from a merger had a direct impact on simplifying bargaining structures and reducing costs. The merger was reported to complement the development of new initiatives in collective bargaining (such as the move to single table negotiation, flexibility agreements, or single status employment).

*Any change in bargaining power amongst unions that are involved in a merger but which continue to bargain separately with different employers is very difficult to assess. In many cases the merged union continues to negotiate in the same way, with the same employers representing the same members.* In the survey, employers generally indicated that a merger in which the union joined with another but which left the bargaining structures in the company unchanged had no impact on collective bargaining structures or negotiated outcomes. The employer did not register any changes in bargaining or in the framework of negotiations and in most cases the merger did not have a direct structural impact. Although it is difficult to draw any conclusion from this evidence, because we cannot determine the degree of structural change in bargaining if the union had not been involved in merger, it may be that preserving the status quo in bargaining (structure and outcomes) represents a significant increase in union power. (WIRS suggests a general employer led initiative to revise bargaining structures during this period.) If economic, sectoral and political influences result in a general decline in union power (and structural change in bargaining) in other companies the ability to preserve the current position (and counteract these pressures) suggests a robustness in bargaining power. A conclusive statement is not possible given the difficulty of assessing the degree of structural change in companies negotiating with unions that have not been involved in merger. The WIRS survey, however, records structural changes in bargaining arrangements in 57% of respondents, and we can speculate that, in the light of our own evidence, the majority of these would be either involving non-merger unions or unions where the merger had a direct impact on simplifying the bargaining structures.

*The degree to which union mergers were successful in preserving a union's bargaining strength (as opposed to the structural framework) was not a conclusive finding of the survey.* Union membership, with few exceptions, continued to decline and not a single employer recorded a increase in union density following a merger. There are, of course, many inter-related influences on the degree of unionisation and density (not least the economic and political environment) and it may be that membership fell more slowly than it would have done in the absence of the merger. Nevertheless, the merger did not stem membership decline absolutely. If maintaining the status quo, or slowing the pace of union decline and membership loss, was the object of the consolidatory merger, then unions may have achieved their objective. Membership levels in traditional employer strongholds remained broadly static, according to the survey responses.

Given the number of influences on bargaining power, and the degree to which they are inter-related, it is clear that any investigation of the extent to which unions have preserved power in what Lukes (1977) would define as the primary dimension, is likely to be difficult. Examples of where the employer chose to derecognise unions in response to their involvement in merger (where there was a clear change in power towards the employer) were confined to relatively small employers (like the North of England Building Society) or to groups of managerial employees (like those at Unilever). The degree to which a culture of collective representation was prevalent in areas which were derecognised during or after the merger seems to be the key determinant in these cases. Moreover, there is some evidence that following a merger trade unions did become more resilient to attack from employers. The survey recorded only two instances of derecognition by employers and, in

one case, the union affected was able to secure recognition rights after a vibrant campaign for recognition. The survey did not record any instances where derecognition had been attempted by employers and successfully resisted by the merged union but the indication is that mergers did not generally signal to employers that they could take steps to remove bargaining rights. This might be seen in the context of a marked increase in derecognition in the late 1980s and 1990s and may be indicative of the merger deterring derecognition by employers.

Research conducted by McKay (1996) of the Labour Research Department (LRD) indicated that there was a significant increase in the incidences of union derecognition, particularly affecting manual workers and people working in the manufacturing and public sectors. The LRD survey indicated that union derecognition cases may have almost doubled between 1992 and 1995 and that full, as opposed to partial, derecognition was on the rise. Whilst LRD concluded that low or falling levels of union membership remained the primary cause of derecognition, it is interesting to consider the link between the withdrawal of bargaining rights and the involvement of the union in merger activity. LRD indicate that since the mid-1980s only four unions have had to deal with 50 or more cases of derecognition. Two of these unions, TGWU and the NUJ, have not been involved in major consolidatory merger activity but the other unions, GMPU and UNISON, have both utilised merger to shore up a declining membership. Whilst there will undoubtedly be sectoral determinants of the growth in derecognition cases involving particular unions (the significant spread of personal contracts in the print industry, for example) it may also be the case that unions have responded to falling membership with mergers and employers with derecognition, leading

to a higher incidence of derecognition where unions have embarked on a merger. In the LRD survey 32% of respondents cited low union membership as the primary cause of union derecognition. In 1992, membership was cited by 29% of respondents. The survey found that the introduction of performance pay or personal contracts was given as the primary reason for derecognition in 29% of cases (compared with just 7% of cases in 1992). None of the respondents indicated that union involvement in merger activity had had any impact on the decisions by employers to withdraw bargaining rights.

Research on union derecognition between 1988 and 1994 conducted by Gall and McKay (1994), suggests a strong sectoral dimension to decisions to derecognise. Provincial and national newspapers, magazines and books, ports and shipping, public sector, electricity and water supply and the on-shore oil industry are identified as the main areas of derecognition and falling levels of union membership was again cited as the primary determinant. A move to performance based pay and derecognition, linked to a wider dispute over terms and conditions, were the other main reasons given by employers for union derecognition. However, the research also found that a significant numbers of employers moved towards bargaining with a single union. (Unfortunately the material does not distinguish between moves to negotiate with a single body following a merger and those which followed an employer instigated simplification of bargaining arrangements.)

It can be argued that in relation to the other two dimensions of power identified by Lukes (1977) the unions may have extended their influence through mergers. Lukes defined his second dimension of power in relation to the seminal work by Dahl "Who Governs?"

(1961). Dahl (op. cit.) argued that the ability to get things on the agenda for a discussion was a clear demonstration of power in itself because it controlled whether or not the issue became the object of power relations in the primary dimension. *In this respect, the provision of personal, non-work related benefits by the merged union is a key indication that unions increased their power post merger.* Whilst the effect of mergers on member benefits in the primary sphere of power is difficult to measure, unions were able to improve employee welfare outside that forum through the provision of a comprehensive range of services for members ranging from legal to financial, educational and promotional. *The research showed that in every single case a merger between unions had led to a levelling up or improvement in the range of personal services on offer to members.* In cases where a smaller union amalgamated with a larger body the result was a huge increase in the range of membership benefits provided and in many cases the formation of a new, consolidatory organisation was accompanied with an extension of personal services for individual members. This can be explained in part by the fact that as membership levels increase through mergers there is scope for the unions to negotiate with service providers in order to extend the range of services on offer to members even more.

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Finally, the increase in mergers has been matched by an increase in the *political activity of unions.* In general unions have sought to exploit the strong commitment to social partnership, collective consultation and negotiation that is prevalent in the EU and which underpins most European employment law. Given the greater access to financial and organisational resources and wider membership, within a merged union there is more opportunity to fund initiatives aimed at influencing the political environment in which they



operate. Increased involvement with the European Parliament was a common outcome of the large consolidatory merger and merged unions tended to sponsor more MPs and allocate a greater level of resources to campaigning and lobbying activities than other unions. The success of the unions' campaign against post office privatisation is one indicator that unions are becoming more effective in this area. Lukes (1977) defines the third dimension of power as that focused upon the political and economic environment in which decisions are taken. In concentrating resources on lobbying Westminster and Brussels the unions are clearly engaged in trying to create a more amenable or less hostile environment in which they might operate. In extending this activity either directly through the sponsorship of MPs and MEPs, or indirectly, through lobbying and campaigning, mergers can be held to have a positive impact on influencing the political and economic environment in which bargaining takes place (the third dimension).

The trend in union mergers reveals that unions have largely responded to a hostile *environment by seeking to preserve their current influence and position rather than embark on a strategy of growth and expansion through merger*. Nevertheless, mergers may have been instrumental in, if not extending union power, at least preserving the status quo in power relations in a difficult bargaining environment. In addition, mergers may be seen as having a much clearer impact on increasing power in the second and third dimension. The provision of a wider range or quality membership services and more activity (and success) in seeking to influence the economic and political environment through campaigning and lobbying activity, particularly in Europe can both be seen as ways in which unions have increase their power post merger.

Whilst the increase in union mergers did not result in an engine for union growth to extend their influence into new industrial and commercial sectors, it seems it *was a mechanism for preserving status and influence over the bargaining agenda*. In part this strategy depended upon the new organisation being more efficient than its component parts. It may be anticipated that some degree of efficiency would result from the savings arising from the provision of services to a larger number of union members and the removal of duplicated functions and services from the new organisation. The desire to capitalise upon economies of scale was a key driver for a union's involvement in merger activity. The efficiencies resulting from economies of scale were also the driving force behind the concept of a federated union structure, in which unions maintained independence whilst they shared union services like education and research. However, it is the question of whether or not the merger can deliver efficiency gains over and above those resulting directly from the merger which may be more interesting.

## **Efficiency Reviews**

The survey investigated the degree to which unions had used the merger process to introduce ongoing organisational development into the structure of the new organisation. Whether unions had been able to build upon the process of change and development which inevitably resulted from a merger to extend economies beyond the areas directly affected by a merger was of particular interest during this research. Similarly the extent to which this

process could described as ongoing was also of interest. If a union could harness the engine of change sparked during the merger to develop more efficiently in future then one might argue, this process of continual improvement (resulting from a merger) could be more important than the merger itself.

From the outset this study suggested that involvement in a merger may present trade union with the opportunity to review organisational efficiency by unfreezing resistance to change within partner unions. It was suggested that merger partners might take the opportunity to conduct a review of organisational efficiency during the merger process, and in some circumstances, this may stretch beyond the confines of the areas of the organisation affected by the merger. Four distinct categories of union organisational reviews were identified – minimal, focused, broad and ongoing. In the first two types the efficiency review was imposed by one of the parties upon the other. In “*minimal*” reviews, rationalisation would be imposed on one party with the aim of eradicating any duplication of functions and services in the new organisation. The partner would be required to review organisational efficiency but this would not be against specific targets or budgets set by their merger partner. Reviews which were accompanied by such targets and were similarly imposed by one party on the other were described as “*focused*”. Again these reviews were limited to the area or section of the union where the merger had a direct impact. A “*broad*” efficiency review, the third category, would be a general review of organisational efficiency that covered the entire organisation following a merger conducted jointly by the parties to the merger and including areas not affected directly by the merger. However the review would be directly connected to the merger and there would be no arrangements for it to be

ongoing.. The fourth category of review were those where the merger was the catalyst for ongoing organisational development following a merger. In the creation of the PTC from the IRSF and NUCPS amalgamation, for example, the facility for an annual review of organisational efficiency was written into the constitution of the new organisation. This ensured that the organisational benefits of the merger extended beyond the immediate period of the merger. The facility for reviewing organisational structure afforded by the merger was harnessed in such a way as to create the opportunity for an ongoing efficiency review in the union.

The study revealed that 47% of the unions surveyed had identified the opportunities for efficiencies and change afforded by the merger process and introduced one of the four types of efficiency review (minimal, focused, broad or ongoing) to accompany the merger process. This is not to suggest that the other unions chose to ignore the possibilities to promote greater efficiency, rather that in many circumstances the size of the merger partners meant that it was not practicable to formally review efficiency with designated processes and structure. Nevertheless, there may have been some cases for conducting an efficiency review of the organisational structure that were neglected. Those union mergers forming (and those subsequently involving) the MSF were unlikely to involve an efficiency review and the GMPU suggested that the questions relating to efficiency reviews suggested a general misunderstanding of the merger concept and, in contrast to the majority of unions, reported that reviews had not been a feature of their merger. In these circumstances the merger process seemed to concentrate purely on integrating separate organisations. The benefits of the merger were expected to stem solely from future savings in relation to

economies of scale / shared services combined with the opportunities to organise membership in new and expanding companies that were often hostile to bargaining with a union.

In contrast there were unions which did conduct an efficiency review to accompany the merger and maintain the review so it became an ongoing component of the new organisational structure. In around 20% of mergers where a review was hosted, it was suggested that it was a one-off exercise confined to the area of the union directly affected by the merger and imposed by one party on another. The development of the white collar section of the EEPTU, where incoming staff associations were subject to stringent efficiency tests, can be seen as an example of this. The incoming SA or union underwent a review at the behest of the larger union to ensure that it was an efficient organisation prior to the merger being concluded. Thereafter, the management of future reviews transferred to the members of the new section itself. Several sections maintained the review process, others dropped it altogether.

The second type of efficiency review (focused) was also imposed by one party on the other and was conducted as a one-off exercise rather than an ongoing process. During the merger talks between the NUR and the NUS, the TGWU and UCATT, and to a lesser extent between the IRSF and the NUCPS one partner was obliged under the terms of the agreement to undertake an efficiency review in order to meet stringent financial targets. In these cases, the junior partner were also required to reduce overheads and staffing levels and to record a financial surplus prior to the merger being conducted. This strategy stemmed

from concern in the membership of one union that merger with a partner with unsound finances would be impractical for the new organisation. The imposition of financial and organisational targets in these reviews differentiated them from the general (minimal) reviews also imposed by one party on another.

Broad reviews, covering an entire organisation and conducted jointly by partners, but where the facility for reviews was not ongoing covered several of the consolidatory mergers that were investigated. The merger between the AEU and the EEPTU, for example, encompassed a jointly conducted efficiency review but there were no arrangements for the review to extend beyond the period in which the merger was conducted. Similarly, the structure of UNISON organisation was partly the result of a comprehensive review. This was conducted with the involvement of all the partners to the creation of the organisation but it was not to be an ongoing feature of the new union.

Ostensibly the most popular kind of efficiency reviews identified by respondents in the survey were those which covered the entire organisation and were conducted on an ongoing basis. These survey responses, indicating that the review process would be ongoing, were initially be treated with some suspicion. Some of the respondents suggested that the reviews were conducted on an ad hoc basis outside a formal structure. This gave rise to questions about the degree to which these reviews were linked to the merger process at all and indeed, whether the reviews actually took place or were sustainable. (It is unlikely after all that a union is going to admit to inefficient practice in such a survey.) In a minority of cases, however, an ongoing efficiency review process was built into the emerging organisation so

that the organisational structure is reviewed regularly to ensure that it was still an appropriate model for the environment in which the union operates. The mergers which established the NCU in the Communications sector and the PTC in the Civil Service both embraced the opportunity to conduct regular and ongoing efficiency reviews.

There are several factors that seem to impact upon whether or not a union integrates an efficiency review process with the merger and, if it does, the type of review chosen. The culture of the organisations involved in the merger and the type of merger activity are two important factors that may influence the nature of reviews. The study showed that in consolidatory mergers (between unions operating in blue collar manufacturing industries) the merger was least likely to be accompanied by a review. In mergers involving the MSF and GPMU , for example, it was considered that the merger itself would generate sufficient savings and efficiency to justify the policy without further initiatives. In these instances a review was not conducted. A single, general efficiency review covering the areas of the union directly affected by the merger is usually prevalent where one of the parties is more powerful than the other and where this advantage is applied to impose efficiency targets on the partner. In doing so, the larger partner aims to protect itself from inefficiencies within the smaller organisation partner. A focused review in which one union seeks to impose a review against specific targets on its partner, is usually reserved for consolidatory mergers where the decline of one party is significantly in advance of the other. In these circumstances the union is generally seeking to protect itself from inheriting the problems of its merger partner and risking instability. A broad, jointly conducted review of the entire organisation will usually accompany a consolidatory merger where the partners are of

generally equal standing. The review is conducted to establish a reasonably efficient new organisation which will protect the opportunities for stability or development. Finally, the ongoing efficiency review covering the entire organisation seems to be confined to white collar organisations (predominantly in the public or newly privatised industries) entering consolidatory mergers with a partner in a related industry but, crucially, where an opportunity for future union growth is anticipated in the sector. In the PTC the commitment to a regular organisational review forms a part of the union's constitution and in the NCU, the focus of reviews over the next three years was formulated at a special training course organised by Templeton college prior to the merger.

The support for the merger and the degree of opposition to it also has an impact on whether the merger is to be accompanied by an efficiency review. In mergers where there is opposition to the merger from either union activists seeking to preserve the union's independence or the regional officials of the union threatened by job losses or reorganisation, it is less likely that the unions involved will risk antagonising the situation by seeking to link a regular and ongoing efficiency review to the merger. Securing acceptance of the merger is in itself a significant achievement and one that will consolidate the union's immediate position. Similarly, where a union has courted and promoted a merger with a smaller but financially secure party it is unlikely to risk jeopardising the arrangement by insisting on the implementation of a focused efficiency review.

Finally, the terms of the merger agreement may also have some impact in determining the type and scope of any review. Given the level of uncertainty and insecurity which surrounds



a merger it is not unsurprising that the merger process attracts a degree of sensitivity amongst the parties. Merger agreements can seek to address the concerns of union staff by safeguarding jobs, stipulate arrangements in relation to union assets and specify levels of membership subscriptions in the short term.

Whilst all these arrangements can facilitate the merger process by allaying the fears and concerns of those involved they can also limit the scope for efficiency reviews by protecting inefficiencies in the areas on which any review might focus.

The survey shows that a range of factors associated with the merger will determine the degree and scope of organisational development that is integrated into the merger process. It ranges from a complete absence of reviews to a comprehensive framework for an ongoing reviews. Efficiency reviews have not delivered the full range of benefits available to unions embarking on a merger, partly because they have been rejected as a legitimate tool by some unions seeking to protect inefficiencies in powerful areas but also because of the scope and degree of regulation controlling the merger process. The initiation of an ongoing vehicle for organisational development, such as that adopted by the PTC, is very much the exception but it surely offers an example of how pragmatic policy formulation can offer long-term benefits in addition to those arising directly from the merger.

## Strength in Numbers - Closing Remarks and Directions for Future Research

One of the objectives of this study was to start to redress the balance of research into union mergers away *from the causes and towards the process and consequences of merger activity*. I have attempted to examine the outcomes of union mergers in relation to union power in collective bargaining. The study has been difficult, not least because it is partially dependent on arriving at a workable definition of union power in which the components influenced by merger activity can be isolated and then measured. To construct a meaningful model for union power in which all the components and interrelationships can be included has proven difficult. This difficulty is something I share with a number of academics who have attempted to define and measure power and whose work I reviewed earlier. It is symptomatic of the difficulties inherent in the task that by far the most complex model constructed to measure union power could not be applied in practice. The proponent, Martin (1986) was forced to rely on a series of case studies to arrive at his conclusions. Given the complexity of some of the models involved in the study and the difficulty in identifying and measuring the range of component factors (which may only have an indirect effect on power relations or impact only at the periphery) the study has stopped short of a fully integrated analysis of the relationship between union power per se and union mergers. The material on the merger process has not been integrated with the evidence relating to bargaining power and power relations. Moreover, *there has been no formal attempt to link efficiency reviews, which as we have seen can be a determinant of union power, to union mergers*.

The way in which the union involvement in mergers facilitated organisational reviews and legitimised rationalisation within the trade union was one of the more interesting aspects of this study. The existence of efficiency reviews conducted in conjunction with a union merger but often extending far outside the areas of the organisation directly affected by merger, was an unintended consequence of this study and one that would reward further research and investigation. The possibility that one of the determinants of union power arising from involvement in a merger might be unrelated to the economies of scale delivered to a larger organisation is one of the key findings of this study. The fact that the relative power of newly merged organisation might relate less to its *strength in numbers* and more to a organisational consequence of the merger process is an exciting concept that warrants further discussion and research. The notion that it may be possible to realise some of the benefits of a merger without engaging in one may prove decisive if unions decide to move away from mergers as a means of shoring up their existing levels of membership and securing access to expanding areas of employment in the future.

One could speculate that there is a direct relationship between the process by which two organisations are integrated and the consequences of the merger in relation to trade union power. It seems reasonable to suggest that there is a direct relationship between the organisational process by which unions merge and the impact on power relations upon completion. One might even speculate that the more fully integrated the partner unions to a merger become (and the extent to which they form a new organisation and define joint objectives and goals) the more powerful that organisation will be. However the complexity involved in investigating the dual effects of post merger activity have effectively prevented

any objective analysis of the relationship between the processes and the consequences of a merger. This remains a neglected area by those who have conducted research in this area but it is undoubtedly of key importance in extending our understanding of the process and dynamics of union mergers. The relationship between process and power is, in effect, the key to understanding why mergers have had very different outcomes even where unions have embarked on a merger with similar motives and in similar economic sectors. It is, therefore, the key to understanding the factors which can determine a successful merger in which the parties, regardless of initial motivation, can use the process to extend and advance union power.

## **8. APPENDICES**

### **APPENDIX ONE - UNION MERGERS 1988 TO 1997**

<b>Amalgamating Trade Unions</b>	<b>Forming</b>	<b>Registered</b>
	<b>1988</b>	
Utd.Friendly Asst. Mgrs Assocn and Utd Friendly Divn and District Mgrs Assoc.	Utd. Friendly Divn and District Mgrs Assocn.	4.1.88
AUEW – TASS and ASTMS and ASTMS	MSF	18.1.88
Assocn. of Lecturers in Colleges of Education in Scotland and Educational Institute of Scotland	Educational Institute of Scotland	23.3.88
Alliance BS SA and Leicester BS SA	Alliance and Leicester BS SA	9.6.88
Utd, Friendly Field Mgrs. And MSF	MSF	9.6.88
Imperial Supervisors Assocn. and MSF	MSF	9.6.88
Gter London SA and the GMB	GMB	14.9.88
Preston and District Powerloom Overlookers and Blackburn and District Powerloom Overlookers Assocn	Blackburn and District Powerloom Overlookers Assocn.	17.10.88
C of E Children's Soc SA and MSF	MSF	29.11.88
Assocn of HM Inspectors of Taxes and FDA	FDA	21.12.88
Gateway Building Society SA and Woolwich Ind. SA	Woolwich Ind SA	29.12.88

	<b>1989</b>	
GMB and Apex	GMB	1.3.89
Imperial Gp SA and MSF	MSF	31.3.89
Assoc of Scottish Local Govt Directors of Personnel and Fed Union of Management and Professional Officers	Fed Union of Managers and Professional Officers	20.4.89
NORSA (Northern Rock SA) and BIFU	BIFU	31.5.89
Assocn of British Professional Drivers and EEPTU	EEPTU	31.5.89
MOD SA and EEPTU	EEPTU	25.7.89
Springfields Foreman's Assocn and EEPTU	EEPTU	30.8.89
Nelson and District Power Loom Overlookers Soc and EEPTU	EEPTU	1.12.89
Gter London Senior Staff Guild and Fed Union of Management and Professional Officers	Fed Union of Management and Professional Officers	21.12.89
Nat Assocn of Senior Probation Officers and EEPTU	EEPTU	29.12.89

	<b>1990</b>	
Nationwide Building Soc. SA and Anglia Building Society SA	Nationwide Anglia Building Soc SA	1.2.90
Nationally Intergrated Caring Employees and EEPTU	EEPTU	1.5.90
National Union Of Labour Organisers and GMB	GMB	22.5.90
Law Society's Legal Aid SA and GMB	GMB	12.6.90
North of England Building Society	BIFU	27.7.90

SA and BIFU		
Health Visitor's Association and MSF	MSF	22.8.90
Nat.Assocn of Fire Officers and EEPTU	EEPTU	31.8.90
Prison Service Union and EEPTU	EEPTU	31.8.90
Assocn. of Agricultural Education Staffs and NATFHE	NATFE	4.9.90
National Unilever Managers Assocn and IPMS	IPMS	5.9.90
National Union of Railwaymen and National Union of Seamen	National Union of Rail, Maritime and Transport Workers	10.9.90
Institute of Journalists and EEPTU	EEPTU	1.10.90
Television and Film Production Employees Assocn and EEPTU	EEPTU	1.11.90

National Union of Hosiery and Knitwear Workers and National Union of the Footwear and Allied Trades	National Union of Knitwear, Footwear and Apparel Trades	19.12.90
Haslingden and District Power-Loom Overlookers Soc & EEPTU	EEPTU	27.12.90
National Assocn of Power-Loom Overlookers and EEPTU	EEPTU	27.12.90

	1991	
Assocn of Cinematograph, Television and Allied Technicians and Broadcasting and Entertainment Trades Alliance	BECTU	2.1.91
National Assocn. of Colliery Overmen Deputies and Shotfirers (Staffs) and National Association of Colliery Overment Deputies and Shotfirers (Midlands)	National Assocn of Colliery Overment and Shotfirers (Midlands)	2.1.91
National Union of Tailors and Garment Workers and GMB	GMB	31.1.91
PMB SA and IPMS	IPMS	22.2.91
Wire Workers Union and Iron and Steel Trades Confederation	Iron and Steel Trades Federation	9.4.91
Society of Graphical and Allied Trades 1982 and National Graphical Assocn.	Graphical, Paper and Media Union	30.9.91
Australian and Mutual Provident Society SA and MSF	MSF	3.12.91
Colne and District Power-Loom Overlookers Assocn and EEPTU	EEPTU	24.12.91



	<b>1992</b>	
British Cement Staffs Assocn and EEPTU	EEPTU	30.3.92
Assocn of Health Service Officers and NALGO	NALGO	7.4.92
AEU and EEPTU	AEEU	1.5.92
Town and Country Building Society SA and Woolwich Independent SA	Woolwich Independent SA	4.12.92

	<b>1993</b>	
Yorkshire Association of Power-Loom Overlookers and TGWU	TGWU	22.1.93
Assocn of Staff of Probation and Bail Hostels and AEEU	AEEU	3.2.93
Association of Preparatory Workers and AEEU	AEEU	23.4.93
NALGO, NUPE and COHSE	UNISON	6.5.93
A. Monk and Company and AEEU	AEEU	13.5.93
National Association of Colliery Overman Deputies and Shotfirers (N-West) and National Assocn of Colliery Deputies and Shotfirers (Yorks)	National Assocn of Colliery Deputies and Shotfirers (Yorks)	3.8.93
Hospital Physicists Assocn and MSF	MSF	3.9.93
Lancashire Box Packing Case and General Woodworkers Friendly Relief and Sick Superannuation and Burial Society and TGWU	TGWU	16.9.93
Furniture, Timber and Allied Trades Union and GMB	GMB	16.11.93
National Union of Scalemakers and MSF	MSF	8.12.93

	1994	
Cream Research Staff Assocn and MSF	MSF	23.6.94
NUM (Yorks Area) and NUM	NUM	17.8.94

	1995	
National Communications Union and Union of Communication Workers (Engineering and Clerical)	Communication Workers Union	25.1.95
Electrical and Plumbing Industries Union and TGWU	TGWU	9.6.95
Film Artistes Assocn and BECTU	BECTU	7.7.95
NUM (Lancs Area) and NUK	NUM	10.8.95
Professional Association of Nursury Nurses and Professional Association of Teachers	Professional Association of Teachers	1.9.95

	1996	
NUCPS and IRSF	Public Services, Tax and Commerce Union	01.01.96
Scottish Health Visitors Assoc	UNISON	01.05.96
Procuraters Fiscal Society	FDA	19.06.96
NUM (COSA) Region 5	NUM (COSA) Region 4	06.08.96
Rosendale Union of Boot and Slipper Operatives	National Union of Knitwear Footwear and Apparel Trades	27.09.96
North of Ireland Bakers Confectioners and Allied Workers Union	Bakers Food and Allied Workers Union	31.12.96
Leeds Permanent Building Society SA	Independent Union of Halifax Staff	31.12.96

## APPENDIX TWO - RESEARCH METHODS

The research conducted for this study comprised a questionnaire survey supplemented by both interviews and cases studies. The way in which the research was conducted is outlined below.

The first stage of the research was to identify the appropriate group of respondents in order to obtain relevant and accurate information. Given the degree of change in both the labour market and trade union organisation, it was felt that the research should be closely focused on mergers that took place recently. It was also felt that the inclusion of mergers that happened some time ago in the sample, would make it difficult to obtain accurate information. This was partly because the individuals directly involved in the merger process, (and targeted in the research), would have moved on to new posts and partly because, given the frailty of human memory, the time since the merger would not be conducive to receiving accurate information about the merger. The passage of time and ongoing developments in bargaining focus and structure would make it extremely difficult to disassociate the ongoing effects of the merger from the range of other influences and factors affecting union power. Therefore, it was decided that the study would focus on mergers that had been completed since 1988, starting with the influential TASS/ASTMS merger of August that year. It is an indication of the sheer scale of merger activity during the late Eighties that over sixty mergers occurred in the period 1988 to the end of 1996. Large scale mergers, covering thousands of members, such as the merger between the AEU and the EEPTU or between the COHSE, NALGO and NUPE, were obviously included. The

mergers and transfers of engagements involving both trade unions and staff associations were also considered. Focusing on the responses from those trade unions that had recently been involved in a merger provided a useful and self contained group for the survey exercise given the nature of the research. However, it would not be acceptable to concentrate solely on the union for an assessment of the effect that the merger had on union power. Respondents who were by the nature of their position supportive of the merger may be prone to exaggerate its effects. Moreover, since the studies of power that we have reviewed indicate that the outcome of contested decisions is a standard barometer of power, it may be placing an unrealistic expectation of objectivity from both unions and employers to admit that they failed to secure their objectives in bargaining. Since the concept under investigation was essentially the change in union power resulting from a merger, it was decided that the employer or company should also be included in the exercise. This would act as a control for union responses by confirming outcomes and also acting as a indicator of the need, where there was inconsistency in responses, to examine the responses in the light of other sources. In theory, at least, as a result of the collective bargaining process, the employer will be ideally placed to assess the degree to which unions have grown more powerful in the bargaining arena as a result of their involvement in mergers.

To a large degree then, the pool of trade union respondents for this research defined itself. Restricting the mergers to be investigated to those that occurred since 1988 restricted the number of unions to be surveyed to fifty-five. Some unions were involved in several mergers and some mergers that were underway, but not yet completed at the time of the survey, were also included.

Where a merger involved the transfer of less than 50 members to a new organisation, or a merger of two independent sectors of the same union, (i.e. geographical regions of the NUM), these were not usually included in the survey. The selection of trade unions also determined the selection of employer respondents. Where the unions involved in mergers negotiated with a single employer, the respondent was easily identifiable. Otherwise two employers who had members in the unions engaged in a merger were selected. The selection criteria were generally applied those companies with a large number of members (100 plus) in a particular union pre-merger. In many cases, the union was approached independently and questioned about the companies in which membership of the merger partners had been concentrated. Finally, some employer respondents were selected randomly. In the public sector, which has been subjected to numerous re-organisations and restructures since 1988, the respondents were selected entirely at random. Potential respondents in the NHS, Local Government and some parts of the Civil Service were contacted by telephone with details of the project. When two contacts for each merger agreed to participate in the survey they became the potential respondents. An outline of employer respondents is printed in Appendix 4 and it illustrates the wide range of sectoral and organisational views that were canvassed in the research.

A better response rate was expected from the trade unions directly involved in a merger than from employers who were not directly involved. In order to address this, only in circumstances where the union merger mirrored a merger between the employers was a single employer accepted as the employer respondent for that merger. Where an employer selected on the basis of pre-merger membership or randomly failed to respond to the survey,

another respondent was selected. This ensured that in relation to the majority of mergers the study, the views of at least two employers were collated to obtain a balanced employer view. Where the relevant staff associations merged to reflect a merger between employers, for example, the merger between the Nationwide and Anglia Building Societies or the Alliance and Leicester Building Societies, a single employer response was held to be adequate.

### **Pilot Exercise**

Once the pool of respondents had been identified the draft questionnaire was compiled and piloted amongst a sub-group of both unions and employers. The selection of the pilot group was based on an established network of personally known contacts within particular unions and employers. Ten unions including BIFU, IPMS, CWU, NUCPS and the TGWU were included in a pilot group with around 10 major employers including British Telecom, Rover, ICI and Nissan. In addition, the views of the organisations representing unions or employers collectively, who would not be respondents in the survey, were also sought. The TUC, CBI, Institute of Personnel and Development and the Engineering Employers' Federation were all included in the pilot exercise. The response rate for the pilot exercise was very high. Comments from all but three non respondents were incorporated into a revised questionnaire.

The survey was conducted in June and July 1995. A named respondent from each of the organisations identified as the sample was sent a questionnaire and a stamped, addressed envelope.

This was followed by a reminder letter which was sent out to those who had not responded some six weeks later. Organisations who had not responded after a further two weeks were contacted by phone. The exercise was completed by mid-September. The only exceptions to this pattern were employers in the printing industry (whose views on the SOGAT/NGA merger were sought). Initially, the response of the Print and Paper Manufacture Industry Federations was sought but this body advised that, given the trend in local bargaining in the sector, a more robust response might be achieved by surveying the employers directly. Employers in the printing sector were surveyed in September 1995.

### **The Questionnaire Survey**

In total of 156 questionnaires were sent out to representatives of employers and trade unions. Every effort was made to keep the questionnaire easy to complete in order to achieve a respectable response rate. However, the range of issues to be covered, (background information, indicators of union power etc.), necessitated a fairly lengthy questionnaire. Although there were some areas of commonality between the questions posed of unions and employers, it was decided that a different questionnaire was necessary for employers and for the unions. The unions were expected to respond on the merger process and the internal effect of the merger on organisational structure (and its effects on collective bargaining and individual services). Both unions and employers were surveyed on the external effects of the merger on collective bargaining and the bargaining structure and outcomes, both pre and post merger.

**The Employer Questionnaire** - The employer respondent was asked to complete details on all aspects of collective bargaining prior to the merger including details on levels of membership, facilities provided to the union (time off for members and officials, office facilities etc.), the structure of bargaining (national, local etc.) and the degree to which full-time officials were involved in the process. The attitudes of employers to the union merger were then investigated in the context of their response to the union decision to embark on merger. Employers were required to rate a series of potential benefits, such as more stable industrial relations or more moderate pay claims arising from the merger alongside the potential disadvantages arising from the merger (such as, an increase in union influence or the prospect of more industrial action). Employers were also required to rate their general hostility to, or support for, the merger. The focus of the first section of the questionnaire was to obtain information on the climate of bargaining immediately prior to the merger. The employers' perception of union power in the first dimension, that of collective bargaining, was investigated.

The way in which employers anticipated changes post-merger was instrumental in investigating power relations in collective bargaining and industrial relations after the merger. The survey focuses on the structure and scope of bargaining machinery, (and not just outcomes), in this section. It investigates and attempts to measure the shift in power relations to the second dimension of power - control of the bargaining structure and agenda.



The shift in the focus of power relations may be instrumental in indicating the employers perspective on the merger.

An employer may attempt to respond to an increase in union power in the first dimension, (bargaining outcomes), by seeking to constrain union power by curtailing the bargaining agenda and controlling the environment in which the union can exercise any new bargaining power. The most extreme form of this response to an increase in union power would be union derecognition. An employer who viewed the merger with some trepidation fearing more successful union outcomes in the primary dimension of power through more success in industrial action, wage claims etc. could reflect this awareness of increased union power through concentrating on a second dimension of power relations. Alternatively, where an employer indicates support for the merger on the grounds of stability and a more professional, well organised union this might be reflected in the employer seeking to concentrate power relations in the collective bargaining arena (first dimension) and not manipulate bargaining through the control of the agenda. Depending upon the employers' perception of union power after the merger, the focus of the study may be on the primary bargaining agenda or the secondary dimension of power, bargaining structures and agenda:

Employers were asked to assess how power relations had developed post merger and to assess this in relation to changes in the scope of bargaining and the scope of successful outcomes by the union. The level of union activity and membership, the depth and scope of the bargaining agenda and the level of facilities were all investigated and contrasted with the information supplied on bargaining before the merger. Employers were then asked to

evaluate changes in bargaining and power relations between the employer and unions after the merger.

Finally, the third dimension of power relations was investigated. The degree to which power was exercised over the socio-political environment in which bargaining occurs and in which agendas are formulated was investigated. The effect of the merger on political institutions and on areas such as company aims, organisation, performance, were all assessed in the closing questions of the survey. Whilst it would be difficult to explore fully areas of this complexity within the context of a questionnaire a response indicating some impact on these areas could be picked up and reviewed in the follow-up interviews. The questionnaire ended with the opportunity for the employer to include any other information that might prove useful to the study.

**The Union Questionnaire** - The opening questions in the questionnaire directed at the trade unions relate to the status of the union contact and the position of the union prior to the merger. The questionnaire then concentrated on identifying the background of the decision to embark on a merger and the internal impetus for the policy. The degree of unity in relation to the merger policy, both within and between, the merger partners was explored. The focus of any opposition to the merger was investigated. Respondents were required to rate the primary motives underpinning the decision to enter a merger. In identifying the motives underpinning the merger, the survey aimed to examine the

priorities and objectives of the new organisation. It also provided some indication of the pre-merger status in relation to union power in collective bargaining.

Where a union entered a merger defensively to shore up a declining membership base then, clearly, its aims and objectives differed from where the merger is the product of two bodies coming together from a position of security to consolidate their position before a decline in membership occurs (Undy's (1981) "consolidatory" merger).

The questionnaire then assessed the way in which the merger has been organised. The timetable for the integration of the partner organisations and the realisation of potential savings from union assets was investigated. These factors should provide some indication of union power in the bargaining arena, the primary dimension of union power. Whether a union embarked on merger to take on a larger membership and more employees and resources may have indicated a potentially more powerful result in terms of successful outcomes in bargaining. Where a union halted an internal organisational decline through merger, this may also have demonstrated an increase in bargaining power (even if the organisation simply preserved the status quo post merger). Where a union embarked on an aggressive merger policy and taken on additional costs and responsibility, this may have been indicative of a less powerful performance in the bargaining arena, at least in the short term.

An entire section of the union questionnaire was dedicated to an examination of trade union reviews. The timetable, scale and terms of reference for the review were investigated

together with some indication of where the impetus for the review came from and the degree of unity within the merged organisation on the question of the review process. Any efficiency gains arising from the reviews together with some indication of whether the reviews are to be ongoing, were to be examined. This section of the questionnaire was designed to shed some light on the degree to which efficiency reviews delivered the efficiency gains in a merged organisation. It was also designed to investigate whether the perceived organisational benefits often attributable to mergers, in fact arose from a series of ongoing reviews. In other words, whether the benefits of a union merger arose from the merger itself or from the efficiency reviews that are legitimised by the merger process was investigated.

Finally, the questionnaire focused on the post-merger power relations that affected the organisation. The levels of union membership and number of branches and full-time employees were considered and unions were asked to provide an illustration of the increase or decrease in membership services following the merger. These factors were all seen as having a significant effect on power relations in the primary dimension of power, the bargaining arena. More union members, better organised and informed, with greater resources and expertise to call upon could have a positive impact on outcomes. The range of issues covered in collective bargaining, whether the union has secured any advantages in relation to the agenda and the structure of bargaining, may all be indicative of changes in power relations in the second dimension. The union's number of sponsored MPs and the level of involvement with the European Parliament were considered at the close of the questionnaire in order to examine the impact of the merged organisation on the third

dimension of power, concentrating on the socio-political environmental determinants of power.

The first section of the questionnaire was designed to investigate the degree to which the union had capitalised on the organisational benefits of a merger. The second section was designed to illustrate the degree to which the merger has affected individual membership services, numbers and resources and the impact of this on the first dimension of power. Studies of the collective bargaining agenda and structure, and the degree of political influence both in the EU and Britain were a measure of change in power relations in the second and third dimensions. All of these factors might be reasonably expected to provide some insight into the question of how the merger has affected union power. As with the employer questionnaire, unions were afforded the opportunity to list any additional information at the close of the questionnaire.

Copies of questionnaires are contained in Appendix 2.

### **Level of Responses**

The careful selection of the pool of respondents, combined with the structure of the questionnaire and a rigorous follow-up procedure, provided a very satisfactory response rate in the survey. A total of 156 questionnaires were sent out to both unions and employers, and of these, 89 or 57% were returned. Moreover, 57 or 37% were returned fully completed

with a response to each question detailed on the form. Thirty two questionnaires (21%) were returned partially completed.

Surprisingly, given that the survey dealt with union mergers, the response rate from the unions was slightly lower than that amongst the employers, although the quality of the responses (in terms of the number of fully completed questionnaires) was significantly better. Fifty five questionnaires, covering all the important mergers since 1988, were sent out to trade unions, of these 27 organisations or 50% responded. Fully completed questionnaires were returned in 23 or 41% of cases. Just 4 or 7% of the questionnaires were returned partially completed. This resulted in 27 or 85% of returns being completed to some degree.

Amongst employers the response rate was lower but still satisfactory. Of the 101 questionnaires submitted to employers, 62 were returned and of these, 34 were fully completed. Twenty eight or 45% of the questionnaires which were returned were only partially completed.

The response rate in this study was significantly better than many of the other studies conducted in the industrial relations field where responses of 25-30% are not uncommon. On the basis of a reasonably good response rate, the information obtained through this survey can be held to be a reasonable indicator of emerging trends from which some fairly robust indicators of power relations and union mergers can be drawn. The survey responses also indicated those areas which needed to be clarified or followed up in interviews which

were conducted subsequently and the degree to which responses might need to be controlled to take accounts of external determinants.

### **Follow-up Interviews**

Given the range of issues and the complexity of the subjects under investigation in the study, the questionnaire was primarily designed to provide reliable core information on the motives and consequences of the merger process. Nevertheless, in the interests of clarity, it was useful to supplement the questionnaire responses with some interviews of key personnel involved directly in union mergers or exposed directly to the consequences in collective bargaining. Most of the interviewees were selected on the basis of their responses to the questionnaire and the questionnaire also formed the basis for many of the questions posed. A number of interviewees were selected to ensure that the study reflected a general overview of mergers since 1988, by taking accounts of development in mergers particularly in the Civil Service and Communications, which occurred after 1988. It was considered important to include information relating to important mergers that were underway when the survey was conducted but which were not completed until some time afterwards.

For the follow-up interviews with union representatives it was important to speak with individuals actually involved in a particular merger. Given the high degree of interchange and mobility amongst full-time union negotiators, the Head of Research in a trade union was a useful point of first contact. Generally speaking even if the personnel had changed since the merger, the Research Department had access to the original documentation dealing

the merger process. Every effort was made to include interviews with the negotiators who has been directly involved in the merger process where this was possible. The questions posed during the interviews arose in part from the responses given in the questionnaire. Areas such as whether the union had a policy on increasing or maintaining levels of membership through seeking involvement in merger were explored, together with the internal and external pressures for and against the merger, the structure of the merger process and at what levels and the degree of support and opposition to the merger. The reasons for entering mergers and the attitude of employers to mergers were also explored. The process by which a merger was conducted and the arrangements for a transitional period were covered as were the arrangements for any efficiency reviews conducted as a result of the merger. The organisation of the union following a merger, the affect of the merger on the range of individual membership services and the scope and goals of collective bargaining were considered in some detail.

For the employers survey the focus of the follow-up interviews was the Employee Relations Manager and the HR or Personnel Department. The focus of the interviews was on the outcomes of collective bargaining, changes and developments in bargaining structure pre and post merger and the impact of socio-political factors on bargaining policy. Perceptions of union power were also a feature of the interviews. A summary of interviewees from both the trade unions and employers is included in Appendix Three.



### **Analysis of the data - Controlling for External Determinants**

The central difficulty of an investigation of the effects of union mergers on union power and collective bargaining is that there is an indeterminate number of potential influences on trade union power and collective bargaining outcomes. As we have seen in our review of the literature on power theories, the most comprehensive theory of power in the bargaining context, that developed by Martin (1986) allowed for so many potential determinants that it was never applied in a full study of union power. Similarly, the range of potential influences that may have an impact on bargaining outcomes makes any fully comprehensive study impossible. Political, economic and industrial factors combined with developments in sector, occupational structure and even, the personality of negotiators can all have a decisive impact on bargaining outcomes and the perception of relative power relations.

Ideally the solution to the degree of potential influences on bargaining would be to identify a single and comprehensive mechanism of control for the range of factors, other than mergers, which may affect union power. However, this is not possible given the range and variety of the factors involved, the relationships (and inter-relationships) between them and the fact that many of the factors may be directly related to the union's decision to merge. For example, the numbers of union members and officials, the structure of bargaining arrangements and the degree of political activity in which a union is involved may be determinants of union power, but they may also be indirectly affected by a merger.

Therefore it has been decided to measure union power by analysing the consequences or outcomes of union power and controlling for the influences on power (other than mergers). In controlling for influences on bargaining outcomes, an estimation of impact of mergers on power can be estimated. However, this is fraught with difficulty. Factors impacting upon, for example, the increase in wages of a given group of employees will be numerous and inter-related. It is difficult to identify and then separate these factors from the effects of a merger. Moreover, a further complication arises because the ongoing effects of union mergers on outcomes are not separated from the general trend but contribute to the standard level of outcomes by which subsequent mergers are measured. For example, even if all the factors which affect an outcome could be isolated and the effects of the merger measured against a pre-merger baseline, then that baseline itself would have been affected by any mergers that had occurred prior to setting the baseline. If all the employees in the economy received a £5 per week increase on average and employees represented by a union involved in a merger received a £10 per week increase, a comparison would not be legitimate since the £5 increase itself would have been affected by previous involvement of other unions, (or indeed the same union) in merger.

Any system of control for a study of the impact of a single factor on union mergers will therefore prove imperfect. Nevertheless, an analyst can make a reasonable assessment of the impact of secondary factors on bargaining outcomes by controlling for the outcomes in three separate and distinct ways. Firstly by focusing on movements in general economic determinants, secondly on focusing upon factors which specifically affect the collective bargaining environment and thirdly, by focusing on specific sectoral developments.

The impact of general economic factors on bargaining outcomes can be assessed in relation to the levels of unemployment and inflation, as indicative of changes in the economic cycle and the level of pay settlements. These factors can act as a baseline indicator for bargaining outcomes against which specific outcomes may be measured. The levels of employment and self employment 1984-94 suggests a general baseline against which union power can be assessed. It is reasonable to assume that against a backdrop of falling employment (1991-93) union power will be weaker and outcomes more unfavourable than in a period where employment is growing (1993 onwards). This is given additional weight by the fact that during the period under study the level of long-term unemployment (52 weeks or more) remained fairly stable at half a million. The long term unemployed are not assumed to place any pressure on union bargaining power given their relative ability to compete for work with unionised labour. An employer cannot therefore argue that union labour will be replaced unless restraint in union power is exercised. In contrast, a high level of short term unemployment which can compete for work does have an adverse impact on a union's ability to bargaining for improvements.

The picture is complicated by the changing patterns of employment over the period 1984-94. Full-time employment fell from 1989 onwards whilst over the entire period part-time employment levels increased. This may have had an indirect impact on trade union power because unionisation amongst those employed full-time in traditional areas of manual employment was strong, whilst among the emerging service sectors of the economy it was weaker. This was partly due to the flexible working patterns applied in these sectors, the

temporary and transient nature of employment which made the workers difficult to organise, and partly because the majority of employees in the emerging sectors for employment were women with little history of trade union membership.

The average level of pay settlements, compared with the headline rate of inflation, over the period is a useful indicator of an average level of pay bargaining outcomes given that over 50% of employees still have their pay determined by collective bargaining. If a union is able to achieve a healthy, above average increase post merger this may be indicative of a merger-related increase in bargaining power, (however, even here there will be other determinants and the average pay increase level will have been influenced by previous mergers). Nevertheless, the average levels of pay increase provide a single (although not exclusive) indicator against which the performance of unions involved in a merger may be assessed. The average level of increases used in this study are based on the median and inter-quartile increases of private sector employees so that the figures are not unduly distorted by any policy of public sector pay restraint.

The information contained in the Workplace Industrial Relations Survey (Millward et al, 1992) can provide a useful barometer of general changes in industrial relations structures and organisation against which the effect of those unions engaged in mergers can be measured. The survey data can be said to reflect the bargaining structures at the time of the study, falling as it does midway into the period of the study.

Given the range of information presented in the survey, it has been necessary to select general indicators of union bargaining power from emerging trends in bargaining outcomes. For the purposes of this study it has been decided to focus on the following areas: bargaining machinery, the changes in bargaining structure, the scope and coverage of collective bargaining and the changes in union contact with outside officials. The survey records a general simplification of bargaining structure and a move towards single table bargaining arrangements which were supported by managers and generally opposed by trade unions. The maintenance of separate bargaining structure may therefore be held to be a reasonable indication of union power being exercised in the secondary dimension. The WIRS survey reveals a move by managers in the manufacturing sector to lessen the influence of union full-timers and replace this by arrangements focused on lay members of the union. In the service sector the opposite was reported, a move to integrate union professionals into the bargaining structure. Finally, the WIRS survey illustrates a general cross sector move to curtail the coverage of collective bargaining amongst professional occupations, (particularly for managerial groups and in newly privatised industry), and to narrow the scope of union bargaining to focus on pay and benefits, or in some cases only, on employee representation in relation to individual disciplinarys and grievances.

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The data contained in WIRS has been criticised because, as a survey of employers and unions it exposed a degree of inconsistency between the responses of employers and unions (Wood, 1995). Conscious that this same criticism might also be applied to this study a decision has been made to assess the survey responses against the specific trends chosen as general indicators from WIRS, rather than to focus on the detailed responses from

employers and unions. Finally as the WIRS survey suggests, at least in some areas of the study, the issues under investigation will vary according to the sector in which the bargaining occurs. This is largely because sectors are subject to different economic pressures. A rise in interest rates disproportionately affects manufacturing for example, whilst the Government may use the public sector as a lever in the control of inflation. Sectors are also subject to different levels of growth and expansion and responsible to different forms of regulation and legislative control. Put simply one sector may be growing whilst another (or even the whole economy) declines and so a study of bargaining outcomes must take some account of sectoral variation. The deregulation of the finance sector in the mid-1980s resulted in an unprecedented expansion in the sector against the overriding economic trends affecting other employers.

For this reason, the information collected from the survey, already examined in relation to general economic influences (the general level of unemployment and the average increases in income against inflation), general trends identified in the WIRS study will also be examined in relation to a range of sectorally specific factors which will be applied to the data in the investigation including income levels, legislative framework and employment populations. The latter will facilitate an investigation of the more sector specific developments which may have an impact on union power but which may also be disguised in a general overview such as WIRS.

Whilst this complex framework of control represents a reasonable attempt to provide a means of isolating the effect of union mergers, the variety of factors which may have an

impact on bargaining outcomes, and the fact that these are themselves difficult to measure and interrelated, make any fully comprehensive and robust model extraordinarily difficult to construct and apply.

## **Case Studies**

Given the complexities of constructing a workable model for assessing changes in union power, it was decided that the quantitative data from the questionnaire survey should be supplemented by with data from case studies which might provide more qualitative data and act as a further control for the conclusions of the survey. The case study mechanism offered the opportunity to challenge some of the information arising from survey respondents in relation to their subjectivity and, intentional or unintentional bias. The mechanism also offered a way of considering complex concepts of power and power relations on bargaining independently thereby avoiding the potential subjectivity of survey respondents. Conversely, conducting case studies in conjunction with a questionnaire survey offered the opportunity to escape the primary limitation of cases studies, namely that it is not always possible to generalise from the specific study to the general position (Daft 1982). The difficulties associated with generalising conclusions from a study were also addressed by conducting a dual study in unrelated economic sector. An approach supported by both Blau (1963) and later Powell (1990) amongst others. The adoption of the dual approach offers the opportunity for the researcher to compare and contrast the findings of the two studies. The obvious advantage of combining a questionnaire survey method with a series of case studies

in tandem is that it allows the validity of findings to be checked against two very different forms of data collection.

In this investigation, the case studies were conducted by a close and ongoing examination of industrial relations within McVitie's (UK) and Northern Rock Building Society operating in two different economic sectors. The studies involved close observation of bargaining processes, dynamics and outcomes over time supplemented by ongoing interviews with representatives from management and employees, and with officials of the relevant unions. The results of the study were fed back to key personnel in both organisations to act as a check on the conclusions presented in each study.



## **APPENDIX THREE : SUMMARY OF RESPONDENTS**

### **Pilot Exercise**

4 x Head of Research, Trade Unions (2 private sector, 2 public sector)

1x Senior Research Officer, Trade Union

Respondents from TUC, CBI, EEF and IPD

### **Questionnaire Survey**

9 x General Secretaries / Assistant General Secretaries, Trade Unions

18 x National Officers, Trade Unions

11 x Head of Research, Trade Unions

9 x Chairmen, Trade Unions

1 x Equality Officer, Trade Union

10 x Directors of Personnel / HR / Group HR Manager (Private sector)

11 x Head of Employee Relations / Employee Relations Managers (Private sector)

9 x Personnel / HR Managers / HR Controllers (Private sector)

3 x Production Directors (Private sector)

9 x Head of Personnel / HR (Public Sector)

8 x Personnel / HR Manager

4 x Employee Relations Manager (Public Sector)

7 x General Manager (Public Sector)

## **Follow-up Interviews**

4 x Convenors/ Lay Officers ,Trade Union

7 x Head of Research / Research Officers, Trade Union

2 x Equality Officer, Trade Union

3 x National Officer, Trade Union

2 x Head of HR/ HR Director (Private sector)

1 x Head of Employee Relations (Private Sector)

1 x HR Manager (Private Sector)

5 x HR/ Personnel Manager (Public sector)

2 x General Manager (Public Sector)

3 x Head of Research / Research Officer (Employer organisation)

## **APPENDIX FOUR - EMPLOYER'S SURVEY QUESTIONNAIRE**

**The questions below refer to the merger or transfer of engagements**

**between \_\_\_\_\_ (A) and \_\_\_\_\_ (B)**

*\* Throughout the questionnaire 'Company' refers to a company or public sector organisation. Due to the range of merger, transfer and co-operative arrangements employed by unions it has not been possible to design a questionnaire to cover each development. Please complete the questionnaire as fully as possible adding any explanation where necessary. Any information, no matter how limited, is better than none at all.*

### **Background Information**

- I. Name of Company .....
- II. Type of business.....
- III. Name of recognised union (prior to merger).....
- IV. Name of recognised union (following merger).....
- V. Manager primarily responsible for collective negotiations.....
- VI. Name and position of person completing questionnaire.....
- VII. Telephone number.....

### **PART ONE - Collective Bargaining Pre-merger**

*The questions in this section refer to a period prior to the trade union merger. (Where the company recognised two unions which subsequently merged to form a single body please give the details for both of the unions.) Please estimate where accurate figures are not available.*

- VIII. What was the proportion of union members within the workforce (relating to the merger)?.....%

IX. What occupations and grades did the union represent in the company?

.....

.....

X. What facilities did the company provide to the union? *(Please tick)*

Time off for lay officers\*

Office facilities

Time off for members

Check off facilities

\*Please specify how much time-off was available and how many officers were eligible?

.....

XI. At what level(s) was the majority of collective bargaining conducted within the company? *(Please tick)*

Multi-employer

National/Whitley

Divisional/Agency

Company/Trust

Plant

Individual Contracts

XII. Were full-time officials present during negotiations? Yes/No/Sometimes\*

\* Please indicate which negotiations would involve full-time officials and which would be left to local stewards:

## PART TWO - During the merger negotiations

- XIII. Did the company see any of the following as advantages arising from the merger? *(Please rank five in order of importance - where 1 indicates the most important)*

*More stable industrial relations*

*Less complex / more appropriate bargaining structure*

*More professional union services*

*More moderate pay claims*

*Union representation of staff and supervisors (conflict of interest)*

*Narrower bargaining agenda*

*Union more representative of employees*

*Less industrial action*

*Less need for company facilities (eg time-off)*

*More access to industry-wide comparative data*

*Other (Please Specify).....*

- XIV. Did the company anticipate any disadvantages arising from the merger? *(Please rank the top 5 in order of importance - where 1 is the most serious disadvantage)*

*More powerful union*

*More industrial action*

*Greater access to comparative information eg pay and conditions across the industry*

*More diverse bargaining agenda*

*More professional representation / More effective union presence*

*Union less representative of employees views*

*Less specific company knowledge amongst participants in negotiations*

*Less shop-floor involvement in negotiations*

*More / Less influence of professional, full-time officers (Please specify)*

*More / Less power in the hands of local stewards (Please specify)*

*Union has more political influence (eg. support of local MP)*

*More tribunal/legal activity*

*Other (Please Specify).....*

- XV. Please indicate the company's support for, or hostility to, the merger process: *(On the scale 1-5, outright opposition is indicated by 1 and full support for the merger process by 5).*

1    2    3    4    5

- XVI. Was your workforce, in your opinion, in favour of the merger? Yes / No

### **PART THREE - Collective Bargaining Post-Merger**

- XVII. Did the number of union members or proportion of union members in the workforce change following the merger: *(Please tick)*

..... Increase

..... decrease

..... remain constant

- XVIII. What occupations and grades did the union represent after the merger:

.....

.....

- XIX. Did the union merger have any impact on the collective bargaining agenda in the company? Yes/No

Did the range of issues determined at plant level: Increase / Decrease

Did the range of issues determined at divisional level: Increase / Decrease

Did the range of issues determined at company/agency level: Increase/Decrease

Did the range of issues determined at national/whitley level: Increase / Decrease

Which of the following facilities did the company continue to provide to the union following the merger? *(Please tick)*

Time off for lay officers\*

Office facilities

Time off for members

Check off facilities

\*Please specify how much time-off was available and how many officers were eligible:

IXX Please indicate the changes to the union's bargaining agenda in relation to the following areas after the merger *(on a scale of 1-5 where 1 indicates far more moderate claims following the merger and 5 indicates far more ambitious claims)*.

*Pay claims* 1 2 3 4 5

*Hours of work* 1 2 3 4 5

*Holidays* 1 2 3 4 5

*Pay of managers* 1 2 3 4 5

*Equal Opportunities* 1 2 3 4 5

*Training Issues* 1 2 3 4 5

*Stress Management* 1 2 3 4 5

*Violence at work* 1 2 3 4 5

*Pensions* 1 2 3 4 5

XX. Has the union merger had any impact on the following areas?

a. The aims of the company/organisation: Yes/No

- b. The structure of the company/organisation: Yes/No
- c. The climate of collective bargaining: Yes/No
- d. The performance of the company/organisation: Yes/No
- d. The political environment in which you operate: Yes/No

**Other information**

XXI. Please include any other details that you think may be useful:

XXII. Are you prepared to be approached to be interviewed on the issues raised in this questionnaire? Yes/No.

**Thank you for your time and co-operation.**

**Please return the completed questionnaire to:**

**Richrad Gartside  
Industrial Relations Department  
London School of Economics  
Houghton Street  
London WC2A 2AE  
Telephone: 0171 405 7686**



**APPENDIX FIVE :        TRADE UNION QUESTIONNAIRE**

**Please Complete the form in relation to the merger / transfer involving:**

\_\_\_\_\_ (A) and \_\_\_\_\_ (B)

*(Since it is extremely difficult to design a questionnaire that is applicable to the full range of merger, transfer of engagements and co-operative arrangements please complete the form as fully as possible and add explanations of your answers where appropriate. Any information is far more useful than none at all. Thank you.)*

**Background Information**

XXIII. Name of organisation post-merger / transfer.....

XXIV. Name of Officers primarily involved in negotiations a).....

b).....

XXV. Name and position of person completing questionnaire.....

XXVI. Telephone number.....

**PART ONE - Pre-merger Information**

XXVII.        What occupations did the union(s) represent:

Union (A).....

Union (B).....

What proportion of members were working in the public and private sectors:

Union (A): Public.....% Private.....%        Union (B): Public.....% Private.....%

XXVIII.        Date when merger talks first began.....

XXIX. Date merger completed.....

XXX. Which organisation(s) initiated the merger.....

XXXI. What is your perception of the general attitude of the following groups in the merger process. *(Please indicate on a scale of 1-5 where 1 indicates strongly in favour of the merger and 5 indicates outright and public opposition.)*

**First trade union**

	Pro				Anti
General Secretary:	1	2	3	4	5
National Executive Committee:	1	2	3	4	5
Union Officers (Head Office):	1	2	3	4	5
Union Officers (Regions):	1	2	3	4	5
Union Activists:	1	2	3	4	5
Membership:	1	2	3	4	5

**Partner(s) in merger**

General Secretary:	1	2	3	4	5
National Executive Committee:	1	2	3	4	5
Union Officers (Head Office):	1	2	3	4	5
Union Officers (Regions):	1	2	3	4	5
Union Activists:	1	2	3	4	5
Union Membership:	1	2	3	4	5

XXXII. To what degree were the following groups united in their support of or opposition to the merger in your opinion. *(Please indicate on a scale of 1-5 where 1 indicates complete unity and 5 indicates deep division.)*

**In the first trade union:**

	Unity			Division	
National Executive Committee (or equivalent):	1	2	3	4	5
Union Officers (Head Office):	1	2	3	4	5
Union Officers (Regions):	1	2	3	4	5
Union Activists:	1	2	3	4	5
Union Membership	1	2	3	4	5

**In the merger partner(s):**

	Unity			Division	
National Executive Committee (or equivalent):	1	2	3	4	5
Union Officers (Head Office):	1	2	3	4	5
Union Officers (Regions):	1	2	3	4	5
Union Activists:	1	2	3	4	5
Union Membership:	1	2	3	4	5

XXXIII. In your opinion how important were the following in initiating the merger process. *(Please indicate on a scale 1-5 where 1 indicates very important and 5 indicates no importance whatsoever in the process.)*

**In the first trade union:**

	V. impt			Not impt	
General Secretary	1	2	3	4	5
National Executive Committee	1	2	3	4	5
Union Officers (Head Office)	1	2	3	4	5
Union Officers (Regions)	1	2	3	4	5

Union Activists	1	2	3	4	5
Union Membership	1	2	3	4	5

**In the merger partner(s):**

	V.impt		Not impt		
General Secretary	1	2	3	4	5
National Executive Committee	1	2	3	4	5
Union Officers (Head Office)	1	2	3	4	5
Union Activists (Regions)	1	2	3	4	5
Membership	1	2	3	4	5

XXXIV. From the point of view of the main instigators of the merger process what were the three most important reasons underpinning the decision to merger. *(Please place a number 1, 2 or 3 against the three major reasons where 1 indicates the most important reason, 2 the second and 3 the third most important.)*

- |                                    |  |
|------------------------------------|--|
| a. Fall in membership subs.....    | f. New areas of membership.....                  |
| b. Shrinking assets base.....      | g. Consolidation in industry.....                |
| c. Rising expenditure.....         | h. Devolved bargaining.....                      |
| d. Improve bargaining structure... | i. Seek increased expertise.....                 |
| e. Employer Pressure.....          | j. Other reason<br><i>(Please specify)</i> ..... |

XXXV. Were the membership of both organisations involved in the merger or transfer balloted? Yes/No

XXXVI. Please indicate the balloting arrangements and the result:

.....

## **PART TWO - Organising The Merger**

Please indicate the sequence in which the following developments following the approval of the merger in a ballot of union members. (*Place a number 1-5 opposite the development where 1 indicates a development closest to the ballot and 5, one furthest from it. Then estimate the time period from the date of the ballot at which the development occurred.*)

### **Sequence order 1-5    Estimated time since ballot**

Joint NEC established:	.....	.....
New rulebook / constitution drafted:	.....	.....
Branch structure integrated:	.....	.....
Merge union services:	.....	.....
Set up joint head office:	.....	.....

XXXVII.      Please indicate what happened to the majority of union buildings which were not required by the union post-merger: (*Please tick*)

Leased	Sold	Put on Market (Not sold)
Other .....		

## **PART 3 - Organisational/Efficiency Reviews**

*Mergers are sometimes accompanied by an efficiency review separate from simply harmonising arrangements between the merger partners. For the purposes of this questionnaire an efficiency review occurs when **each of the three elements** listed below are present during a merger or transfer:*

\* a working party or consultant is charged with reporting on the **aims, organisation and functions** of the entire union (including areas not affected directly by the merger or transfer),

\* a report recommends changes to the aims, organisation or functions of the union (including those parts not directly involved in the merger or transfer) which is accepted by the NEC,

\* a major change or series of changes occur in the aims, organisations or functions of the union which are not related in any way to the merger or transfer.

\* reviews of union efficiency continue to be conducted following the completion of the merger, the establishment of a joint structure and rule book etc.

XXXVIII. Was the merger process accompanied by a series of efficiency reviews?  
Yes/No

XXXIX. At what stage(s) were the reviews carried out from the date on which a ballot of members approved the merger: *(Please tick)*

6 months                      12 months                      18 months                      24 months                      Other.....

XL. Did the review cover *(Please tick)*:    -The entire organisation (newly constituted)

-The partner union

*(Please specify)*.....

-A section of the new organisation

*(Please specify)*.....

XLI. Who conducted the reviews?.....

XLII. Who did the review team report to?.....

XLIII. Who set the terms of reference for the review?.....

XLIV. What did you perceive to be the attitude of the following groups to the review process. *(Please indicate on a scale of 1-5 where 1 indicates strongly in favour of the review process and 5 indicates outright opposition.)*

	In favour	Opposed
General Secretary:	1 2 3 4 5	
National Executive Committee:	1 2 3 4 5	

Union Officers (Head Office):	1	2	3	4	5
Union Officers (Regions):	1	2	3	4	5
Union Activists:	1	2	3	4	5
Union Membership:	1	2	3	4	5

XLV. How united were the various groups in their attitude to organisational or efficiency reviews in your opinion. *(Please indicate on a scale 1-5 where 1 indicates total unity and 5 indicates deep division).*

	Unity		Division		
National Executive Committee:	1	2	3	4	5
Union Officers (Head Office):	1	2	3	4	5
Union Officers (Regions):	1	2	3	4	5
Union Activists:	1	2	3	4	5
Union Membership:	1	2	3	4	5

XLVI. Can you provide an example of efficiency gains resulting from a review which did not result directly from the merger or the transfer:

.....  
 .....

XLVII. Is the review process to be ongoing? Yes / No

If so, when? *(Please tick)*

Every 6 months

Every 12 months

Every 2 years

Other.....

#### **PART FOUR - Post-Merger Information**

XLVIII. What occupations does the union currently represent?.....

What proportion of members currently work in the private and public sectors:

Public.....%

Private.....%

XLIX. Since the merger what has happened to union membership? *(Please tick)*

Increased

Decreased

Stabilised

XLX Since the merger what has happened to the number of union branchies? *(Please tick)*

Increased

Decreased

Not changed

Please indicate whether the following union services were available before and/or after the merger: *(Please tick)*

	<u>Before</u>	<u>After</u>
Free legal advice	...	...
Education courses	...	...
Death benefits	...	...
Benevolent Fund	...	...
Convalescent Homes	...	...
Car Insurance	...	...
Travel discounts	...	...
Credit card	...	...
Insurance services	...	...
Mortgages	...	...



## Car Breakdown

Investment Advice ... ..

- L. Please indicate what has happened to the range of issues covered by collective bargaining since the merger. *(Please tick)*

Increased                  Decreased                  Not changed

- LI. Please indicate what has happened to the number of members per full-time professional officers (paid by the union) since the merger: *(Please tick)*

**Increased                  Decreased                  Not changed**

- LII. Please indicate the number of MPs sponsored by the constituent unions and the merged organisation:

Union one.....      Union Two.....      Merged organisation.....

- LIII. Does the union have more involvement with the European Parliament or sister organisations on the continent since the merger? *(Please tick)*

More involvement                      Less involvement                      Not changed

## Other information

**Please include any other details that you think may be useful.**

---

.....

- LIV. Are you willing to be approached to be interviewed on the issues raised in this questionnaire? Yes/No.

**Thank you for your time and co-operation.**

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